

February *NATION'S* 1946

# *BUSINESS*



A NEW FEATURE

## TRENDS

of the Nation's Business





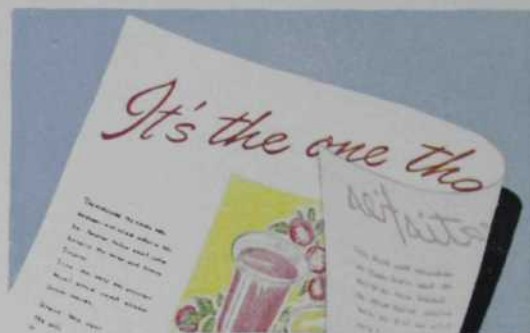
# Test your word knowledge

## of Paper and Printing



### 1. MONOTONE

- ☐ One-color printing
- ☐ Two-color printing
- ☐ Four-color process printing



### 2. OPACITY

- ☐ Transparency of paper
- ☐ Degree of brightness
- ☐ Quality of preventing "show through"



### 3. RECEPTIVITY

- ☐ How paper takes and holds ink
- ☐ How paper absorbs moisture
- ☐ How paper receives coating



### 4. UNDERLAY

- ☐ First run of color
- ☐ Method of building up pressure on a form
- ☐ Felt blanket under press bed

## ANSWERS

**1 Monotone** is the word to designate one-color printing. Whether you print in monotone or four-color letterpress, smooth, lustrous Levelcoat\* Printing Papers give faithful, life-like reproduction.

**2 Opacity** is that quality in printing paper which prevents "show through"—keeps dark printed areas on or in contact with the back side of the sheet from being seen. Kimberly-Clark achieves high opacity in Levelcoat by using only carefully selected quality ingredients.

**3 Receptivity** or Ink Affinity is the term used to denote how printing paper takes and holds the ink. And you find this quality in a superlative degree in Levelcoat Printing Papers.

**4 Underlay** is a method of building up pressure on a printing form, especially under denser tones and solids, to assure perfect reproduction. But this painstaking process is unavailing without the best in paper uniformity, texture and printability—those qualities so outstandingly evident in Levelcoat.

# Levelcoat\*

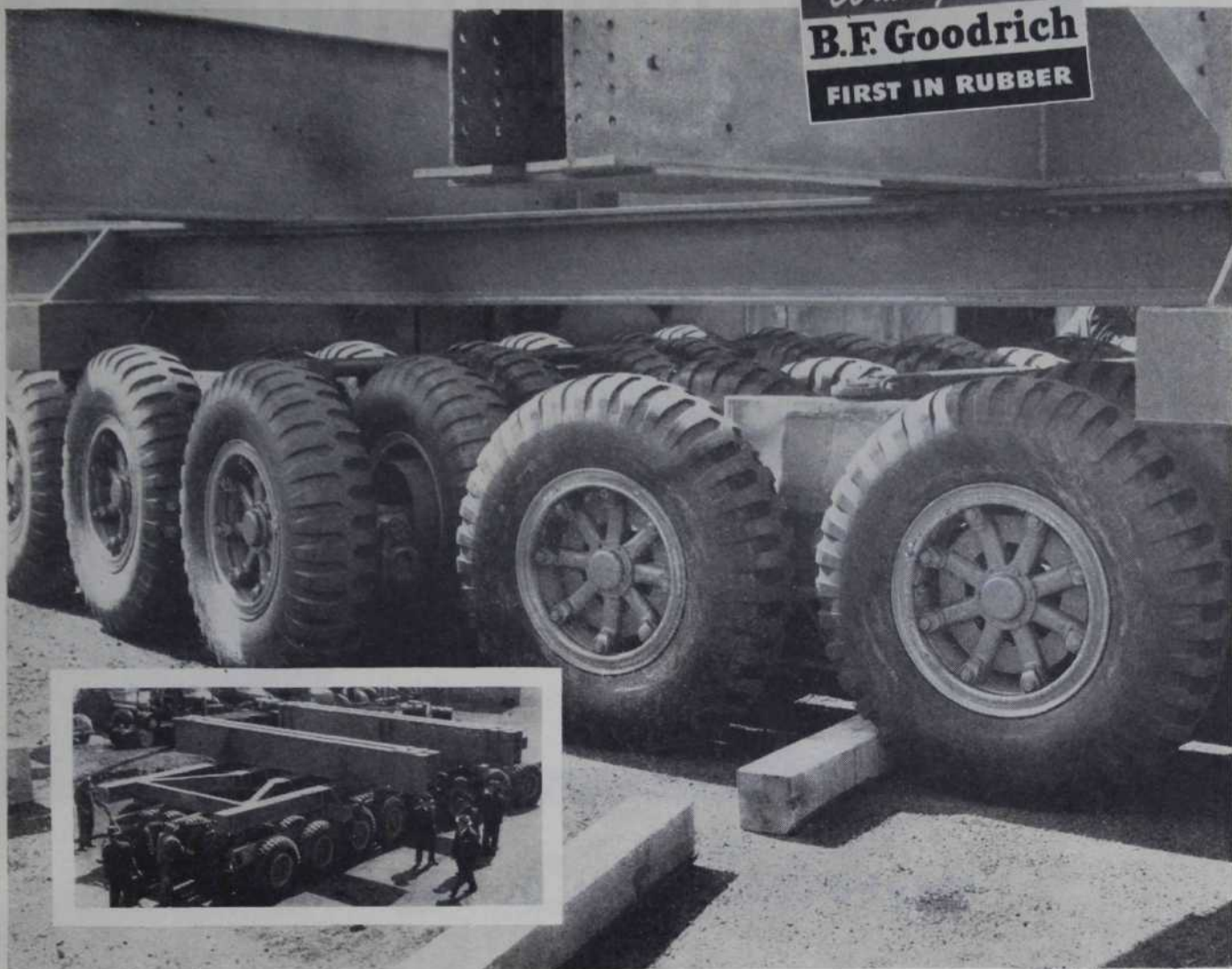
## PRINTING PAPERS

For monotone or multi-color printing in publications, mail order catalogs, house organs and direct mail, select one of these grades—Trufect, Multifect, Falls coat or Hyfect. Kimberly-Clark Corporation, Neenah, Wisconsin.

\*TRADE MARK

A PRODUCT OF  
**Kimberly  
Clark**  
RESEARCH

*A development of*  
**B.F. Goodrich**  
**FIRST IN RUBBER**



Trailer built by Rogers Bros. Corp.

## **\$12,000 worth of tires for one 30-mile trip**

### *A typical example of B.F. Goodrich development in tires*

ARMY engineers wanted a secret load moved to the middle of a western desert. It weighed 230 tons. Time was all-important. How to get it there? Build a railroad? That was costly and slow. Move it by truck? No truck or trailer ever built would carry this load.

It was decided to design and build a huge trailer—if tires could be found to carry the load. And the trailer had to be built in 30 days. Engineers came to B.F. Goodrich with their tire problem—found just what they were looking for. B.F. Goodrich built special truck tires based on the desert tire principle developed previously by the

company. These are wide-bottomed tires that don't sink into soft sand. Tires that can carry a terrific load.

Sixty-four big B.F. Goodrich tires, each weighing 220 pounds, were mounted on the trailer—eight rows of tires, eight in each row. The trailer was more than 39 feet long, nearly 17 feet wide, and weighed 73 tons. It was built to carry a total load of 300 tons—the heaviest load ever hauled on pneumatic tires.

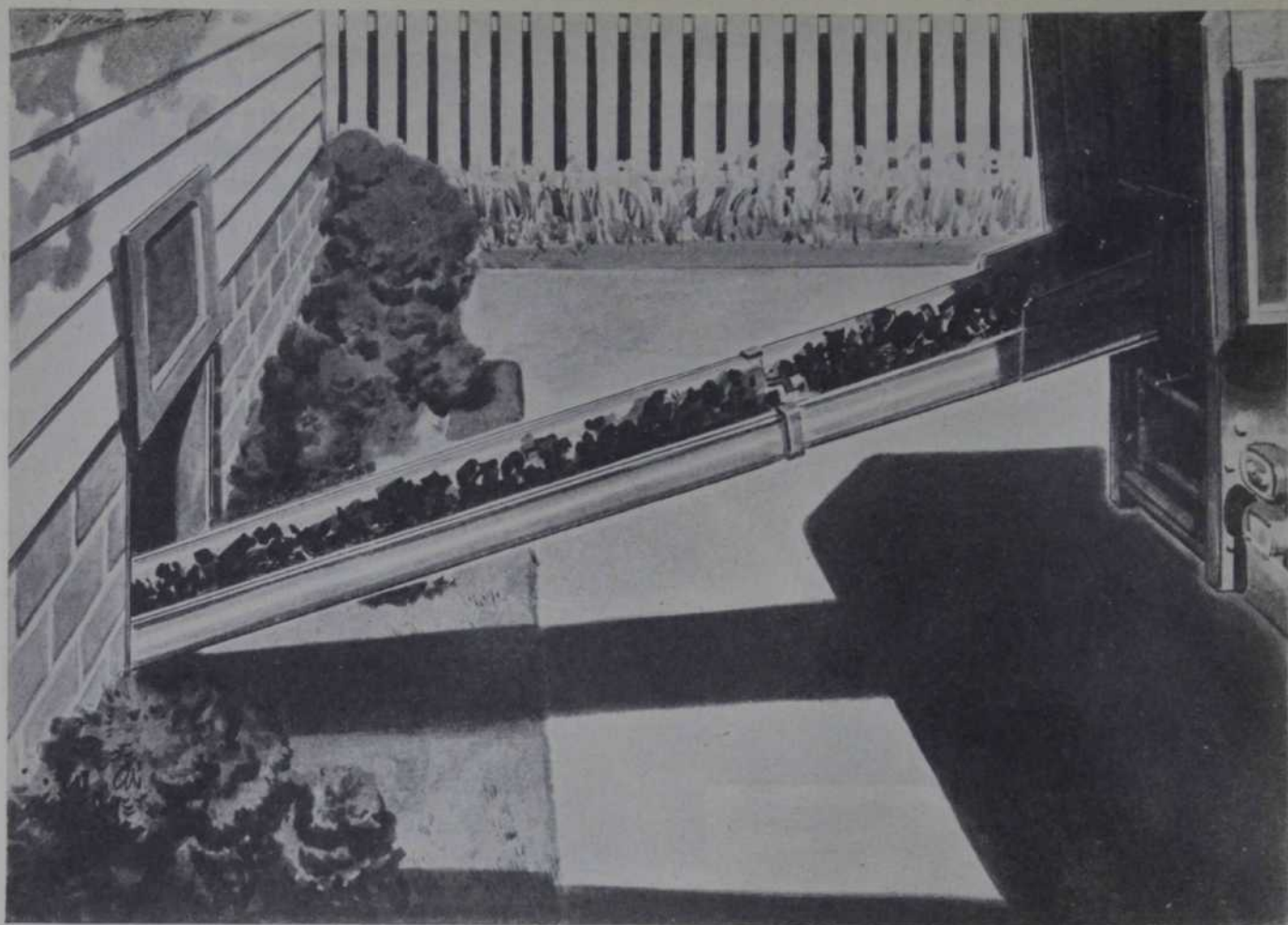
Army tanks pushed and pulled the loaded trailer from the railroad siding to the desert. The load arrived safely

and on schedule. Twelve thousand dollars' worth of tires, still usable but made primarily for this one trip that may have shortened the war.

This example of B.F. Goodrich ability to meet an unusual transportation problem is typical of the research and development carried on constantly by the company. Research which means better tires for trucks, cars, airplanes, farm vehicles, and industrial equipment. *The B. F. Goodrich Co., Akron, O.*

*Truck Tires* BY  
**B.F. Goodrich**





## Maybe You Don't Deliver Coal

Maybe you don't even use coal. But this story about a coal chute may pay you off in cash no matter what your business.

You see, there was a small concern in Reading, Pennsylvania, called the Palm Body Company, Inc. It was run by Henry Palm, his two sons, and six mechanics. It manufactured coal delivery equipment, including coal chutes.

Now, coal chutes have a way of wearing out—not just because of friction, but because sulphur in the coal eats the metal. However, it *doesn't* eat aluminum.

So, Mr. Palm talked with an Alcoa representative about making an aluminum coal chute. An experimental one was made. It was the first aluminum coal chute we know of and a good one, too—but not good enough to satisfy

either Alcoa or Mr. Palm.

A second chute was built. This was *it*. Mr. Palm built and quickly sold seventy-five of them to dealers just around Reading—and

got orders for more.

Then the war came, and aluminum was urgently needed elsewhere. With peace, however, the Palms went back to making aluminum chutes in a bigger way. Not exactly sure how to go about producing them in volume, they got more counsel from Alcoa. Soon they hope to be selling and shipping aluminum coal chutes far and wide.

\* \* \* \*

There are a lot of things aluminum can make better. And if you need any help in finding out how, Alcoa is able and eager to put at your disposal—as it has put at the disposal of thousands of businesses, large and small—the greatest fund of aluminum experience in the world. It does this without any cost or obligation whatsoever.



Today, there is more room than ever before for businesses to take root and grow in aluminum, as this one has. Alcoa is ready to help any one of them—including yours. ALUMINUM COMPANY OF AMERICA, 2125 Gulf Bldg., Pittsburgh 19, Pa.

**ALCOA**  
FIRST IN  
**ALUMINUM**





*Just try to think of a business that doesn't depend on gasoline power somewhere along the line—to move raw materials, to transport finished products, to make deliveries to home or store.*

## Your business runs on gasoline

**C**OUNT, if you can, the gasoline engines that help to keep your own business running. Five? Ten? A hundred? No matter how many or how few, when those engines are made more efficient, more powerful, more durable, you are bound to benefit.

The product we make—Ethyl brand of antiknock fluid—helps petroleum refiners produce higher antiknock gasoline. This in turn permits engine builders to design engines which provide better transportation at lower cost.

Since improvements in engines, fuels and lubricants must go hand in hand, the Ethyl Corporation has for the past twenty years worked closely with

automotive and petroleum companies. In the years of progress which lie ahead, we plan to continue and to expand the research and service facilities we offer in the field of automotive transportation. Ethyl Corporation, Chrysler Building, New York 17, N.Y.

*More power from every gallon  
of gasoline through*

# ETHYL



*Research • Service • Products*





Reading time: 1 minute, 52 seconds

As a kid in knee pants, Speedy was always going "off to the races." They were the famous Elgin Road Races where he soaked up the talk and hustle of heroes like Teddie Tetzlaff, Eddie Rickenbacker, Barney Oldfield and the rest. Then, during high school days, Speedy got the thrills of a steering wheel himself. He drove a delivery truck for a feed company after school.

One day Speedy was met by the owner of a big estate who had a sign at his entrance that said, "No Agents Allowed." Speedy said, "Mr. Brown, if I respect that sign I'll never be able to sell you any feed." The man laughed and said, "Young man, I could use a salesman like you in my shoe business, here's my card." The morning after high school graduation, Speedy was on his way to Chicago and his new job with Mr. Brown. His Dad, the local piano tuner, said—"Speedy is off to the races again."



For three years Speedy traveled several states calling on the retail trade, selling shoes, saving money. He did a lot of his traveling by automobile, covered more miles and called on more trade than any other salesman. In three years he saved five thousand dollars and decided that automobiles were really the love of his life and, as he says it, "we decided to get married."

Speedy invested his savings and joined up with the Dodge dealer in his own home town. He set a swift pace as a salesman, became friends with the local bankers who saw in Speedy a real hustler with a future. After

five years of partnership, Speedy bought his own dealership in a neighboring town. Again he set a winning pace. Success came. In 1941 Speedy and his staff sold four hundred new cars and trucks and over a thousand used cars. Then came the war and again Speedy was "off to the races."

Speedy joined the Army. Went first to Africa as a major of ordnance, then to Europe where they made him a full colonel at the fall of Berlin. If you ask Speedy about his war experience he'll tell you that the greatest race he ever saw was the vast American ordnance race across the Rhine and beyond. For his own part in it he got three battle stars, a bronze star, and his colonel's promotion.

Back home after 22 months overseas, Speedy will tell you his biggest thrill is to be back to the love of his life, automobiles. He tells you proudly that during his absence his organization gave expert wartime service to Dodge and Plymouth cars, and Dodge Trucks. A beautiful new salesroom of stone and glass (with a 90-foot show window) is now going up, and they're excavating for a big service addition. Ask Speedy about the future and he'll tell you, "We're doubling our facilities and we'll double our business when the new cars and trucks start rolling our way."

NOTE:  
This is another true and typical story of individual initiative and productive enterprise, taken from the records of the Chrysler Corporation.



**CHRYSLER CORPORATION**  
**PLYMOUTH \* DODGE \* DE SOTO**  
**CHRYSLER \* DODGE Job-Rated TRUCKS**

REMEMBER THURSDAY NIGHT! The Music of Andre Kostelanetz and the musical world's most popular stars—Thursday, CBS, 9 P. M., E. S. T.

KEEP ON BUYING VICTORY BONDS

NATION'S BUSINESS for February, 1946



# Nation's



# Business

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Self-Cleaning

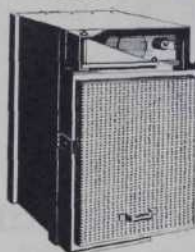
## Electro-MATIC

The completely automatic operation of this Electronic filter answers both the problem of removing the dust and smoke from the air, as well as the secondary problem of disposing of collected material. A continuous curtain of collector plates passes intermittently down the front of the filter and thru a viscous cleaning bath at the bottom. Send for Bulletin No. 250.



The Cleanable

## Electro-CELL



Sectional-type Electronic air filter with removable collector plate assemblies. This feature eliminates need for providing water, oil, compressed air and sewer connections at each installation. Spare collector plate assemblies can be set into place and service continued uninterrupted while dirty plates are being cleaned. Send for Bulletin No. 252.

Renewable Media

## Electro-AIRMAT

This is the only Electronic dry filter on the market. Uses sheets of "charged" airmat paper which are renewed manually or by a mechanical loader. Combines mechanical filtration with Electronic cleaning providing continuous service even thru a period of power failure should it occur. Send for Bulletin No. 253.



May we send you this helpful book,

"The Magic of

ELECTRONICS in  
AIR FILTRATION"



AMERICAN AIR FILTER CO., INC.

265 CENTRAL AVE. LOUISVILLE, KENTUCKY  
 IN CANADA, DARLING BROTHERS, LIMITED, MONTREAL, P. Q.





## The handshake that saved over \$35,000 a year

One day, some months ago, an executive of a factory employing several thousand people called in the representative of The National Cash Register Company. It was not their first meeting, they had been working together for some time on recommendations for handling the factory's payroll and labor distribution records.

"We have decided to follow your recommendations for our new industrial accounting system," the executive said. Then he shook hands with the National representative.

Today, figures show that the decision sealed by that handshake saved the executive's company over \$35,000 in one year. That was far more than the complete cost of the equipment. In any manufacturing plant this amount would be the equivalent of the net profit on

a substantial volume of sales.

Evidence of how well National products have helped to reduce costs and increase profits can be seen wherever money is handled or records kept. For manufacturers, banks, hotels, retailers and many others, National Accounting Machines have opened the way not only to important savings but to greatly improved results in general. And in the field of retailing, from the largest store to the smallest, National Cash Registers provide the accepted method of recording transactions and controlling store operation.

The size or nature of your business does not matter. Your National representative will be glad to help you with any problem you may have. The National Cash Register Co., Dayton 9, Ohio. Offices in principal cities.

Making business easier for the American Businessman . . .

**National**

CASH REGISTERS • ADDING MACHINES  
ACCOUNTING-BOOKKEEPING MACHINES



NB

Notebook



Great  
things

are  
happening

on the



On the way! New Frisco streamliners—the last word in luxury, comfort, speed! Also, many other sensational innovations including amazing new time-saving freight schedules. For the latest and best in transportation—look to Frisco!

It's a  
Great Railroad

### No cherry tree

IT'S too bad about that cherry tree and some other stories told about the boyhood of George Washington. Little is known of his earlier years and, as the professors say, "Few of these stories have survived critical investigation."

While boys cannot hear about one of their own unless there is a bit of yarn spinning, their menfolk can ponder over many true tales and wonder once more how "one of the richest men in America," and connected by marriage to the family of Lord Fairfax, came to head a ragged and bickering army of Continentals which was to emerge victorious over legions from a land where aristocracy and vested rights flourished.

Here was a rich man not afraid to weigh and accept new ideas and principles that at first sight seemed to threaten all he possessed—but which have built the mightiest nation known to man.

### Another "secret weapon"

ONE "secret weapon" we had in the war that saved an aircraft manufacturer \$300,000 in just one plant has now been placed on the "unrestricted" list. It is described in a volume of 300 pages published by the Columbia University Press, Morningside Heights, New York 27, with the title "Sequential Analysis of Statistical Data: Applications."

What this portentous title means is that a completely new method was found to analyze data while they are being collected instead of after. The data needed are cut 50 per cent, and a large proportion of the errors to which conclusions based on sampling are liable is eliminated.

The war use was in making sampling inspections of mass produced items to find out whether they met specification requirements. The book describes the use of the sequential method in routine inspections, in comparing two experimental processes or two production processes and in general experimental and development work.

### Speeding turnover

ONE of the wartime wonders was how retailers managed to keep on rolling up substantial sales gains with stocks that seemed to grow more shadowy every day. Some of the hardest-headed mer-

chants began to imagine that this was a vaudeville turn and they were "doing it with mirrors."

A shipment of wanted items received in the morning would be cleaned out by early afternoon. Turnover was the fastest ever recorded and it has started merchants to thinking about what can be done to preserve a little of the same speed in postwar years.

Some store executives believe that manufacturers and wholesalers may be persuaded to carry larger stocks or to adjust deliveries more closely to the steady needs of their customers. Several movements in this direction are already under way, notably in the shoe industry. On the other hand many manufacturers object to "carrying stocks" for retailers, insisting that this is a retail and not a producing function and the cost should not be imposed upon manufacturers.

Basic in this question of faster turnover, of course, is speedier transportation and speedier handling along the delivery line. These improvements have come along and will make possible, in the opinion of authorities, the mechanical means for faster turnover with savings and advantages that wide-awake distributors are not likely to overlook.

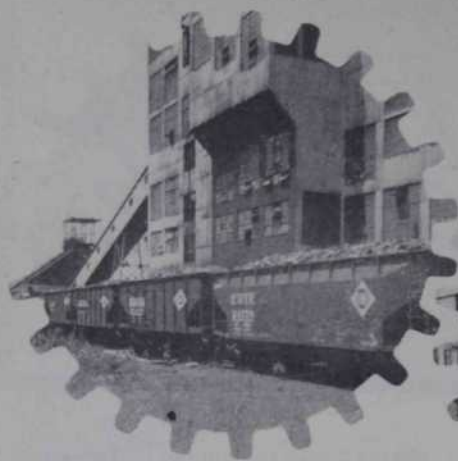
### Swindle sheets

NOW that tax time is drawing near it might be that the American Management Association will get more answers to a questionnaire it sent out to find out how salesmen's traveling expenses have been fluctuating over the war years and what may be expected for the future. It seems the Treasury Department had become a little skeptical, particularly about the item marked "entertainment," suspecting that the jump in this category might represent hidden salary boosts.

The Association didn't get many answers to its first round-up or to its follow-up. For whatever they were worth, however, it tabulated the results as a percentage of sales as follows: 1.5 (1940); 0.9 (1944); and 1.4 (1946 estimate). The obvious reason for the decline from 1940 to 1944 was, of course, peak volume sold to Uncle Sam. The 1946 estimate also contemplated high volume and slight sales resistance.

Cost of entertainment, as the Treasury sleuths have probably found out, jumped 35 per cent from 1940 to 1944. It is expected to stay there which might

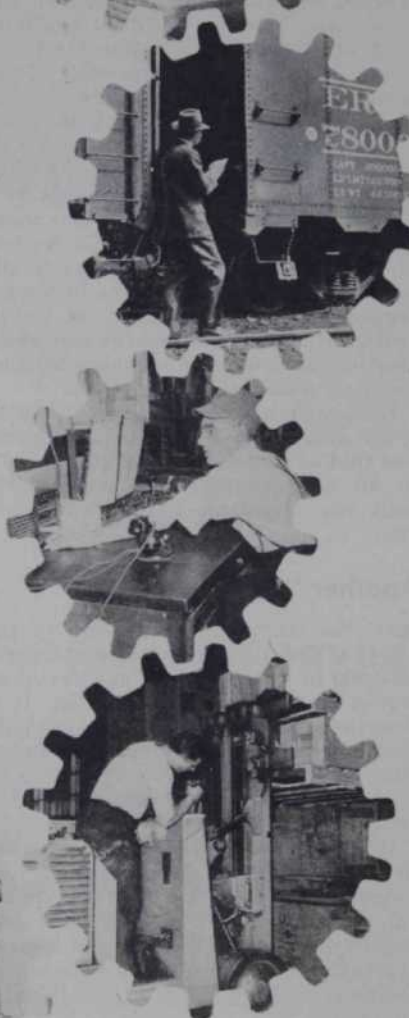
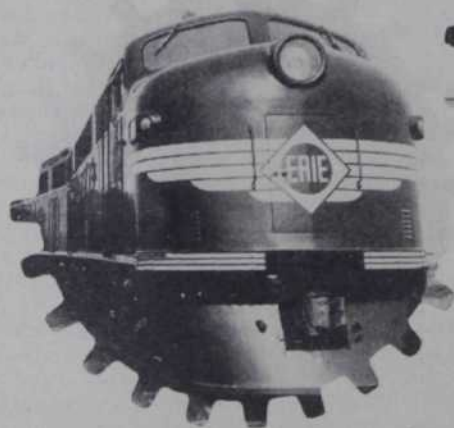




# Geared for Action!

**B**RING on the 6 million automobiles, 7 million refrigerators, 6 million washing machines, and the many other consumer and industrial products for which there is a tremendous pent-up demand. The Erie is ready to go on the big job of getting these products to market quickly.

New handling methods—additional new equipment—trained personnel—up-to-the-minute motive power—are all geared up for Erie's job of fast, dependable service.



# Erie Railroad

Serving the Heart of Industrial America



mean several things. Including, let us imagine, certain habits acquired in the free and easy days of cost-plus.

## Industry in Britain

"NEW DEAL" enthusiasts were ready to point out that many of the schemes introduced in the '30's were reforms of long standing in England and some of the Continental countries. Whether several of these measures accomplished any good was being hotly argued when the war began.

The new British experiment, however, will attract global attention because it combines government controls (which are anathema to many business men here) and private enterprise (which is the subject of all-out encomium).

These brief notes about industrial planning in Britain are drawn from the British Information Services, official agency of the government.

Nationalization, explains the agency, does not mean confiscation but "fair compensation" to owners. Industries ripe for public ownership, the Labour Party declared, are fuel and power, inland transport, iron and steel and the Bank of England.

In other industries which will have constructive supervision and not public ownership, "tri-partite working parties" (representing the employers, employees and public) will be set up to increase production and efficiency. Industries covered are cotton, pottery, furniture, hosiery and boots and shoes.

The Board of Trade meantime is engaged in solving short- and long-term problems of industrial location. Development areas will be built up against disastrous one-industry slumps. War plants are allocated on the basis of essential home needs or exports. The wartime Regional Boards have been reconstituted as Regional Boards for Industry to serve as clearing houses for the exchange of information upon manufacturing problems between government and local industry.

How this combination of public and private ownership will work (management of the public part still residing in the experts and not in civil servants) remains to be seen. Britain has apparently decided upon a middle road between the free enterprise system of the United States and the State ownership of Soviet Russia.

## Buckets for the fire

IF THE Surplus Property Administration could be credited with waiting for that timely moment when inflation was about to surge over the country like a forest fire and then dousing the mounting flames with its huge buckets of wanted products and materials, that would be splendid in the eyes of all citizens except perhaps the speculators. Observation and reports unfortunately bear out no such theory. An inept law, according to most business comment, has been followed by administration just as muddled.

Thus, to the close of November, \$10,879,058,000 worth of war materiel had been declared surplus to all disposal



agencies and sales were a mere \$501,090,000. Under net acquisitions the RFC listed \$4,424,170,000 in aircraft described as "probably not salable" but it also cited \$992,522,000 in consumer goods, only \$224,097,000 of which had been sold in spite of feverish demand for many of the items.

The Mead committee caught the War Department trying to build up "reserves" for many years ahead to equip an army of a size nobody yet knows or can guess. So some \$400,000,000 in consumer goods will be disgorged as a result. This may help to check inflation if it isn't checked otherwise. And there may be a call for much faster action upon other war surpluses to meet production lags because in industry the price movement is definitely upward with sellers making free use of "escalator" clauses.

### For the tired retired

THIS idea is not original though it was not first presented in quite this fashion. A retired business man called around and inquired how he might get in touch with city authorities interested in having a group of veterans start up in business under his tutelage. He was referred to several firms of management engineers.

The thought that lingered on after his visit was that a large number of retired business men (a bit tired of their idle ways) might offer their services through chambers of commerce, perhaps, in behalf of returning veterans eager to start up in some kind of enterprise. Practical advice from the successful might save many a GI headache.

Committees of active business men have been organized for the purpose and are giving time and energy to the job in spite of more insistent duties. Their efforts are necessarily limited. So here is a splendid chance for the retired business man and a cure at the same time for his possible ennui.

### Case for credit

FACTORY sales of automobiles and trucks in 1939 totalled about 3,600,000 vehicles with a wholesale value of \$2,300,000,000. Assuming the 1939 ratio between production and employment, the industry, according to the Consumer Banking Institute, would have to sell about 7,200,000 new cars and trucks every year to maintain employment at peak wartime levels and about 5,200,000 every year to maintain employment at the July, 1945, level.

Since 60 per cent of all cars handled by dealers were sold on instalment credit in 1939, the Institute contends that "there is just no annual cash market for 5,000,000 to 8,000,000 new automobiles," in driving home one of its series of arguments for the relaxing of consumer credit terms which were thrust into the Regulation W vise early in the war.

The Retail Credit Institute of America, Inc., which recently completed its third year, is carrying the case for credit to a widespread audience and succeeded in having the Committee for Economic Development amend its proposal



**QUIZ:** Do Nation's Business readers take an interest in the kind of pipe used for water mains in their community?

**ANSWER:** Many do—because as property owners they support a community-owned water supply system through taxes or water bills—because water mains represent the biggest part of the cost of a water supply system—and because long-lived water mains permit economy in water works operation and, therefore, reduced taxes or water bills.

Cast iron pipe, because it serves for centuries, is called Public Tax Saver No. 1. You'll know it by the "Q-Check" stencilled on every length.

CAST IRON PIPE RESEARCH ASSOCIATION, T. F. WOLFE, ENGINEER, 122 S. MICHIGAN AVE., CHICAGO 3

**CAST IRON PIPE  
SERVES FOR CENTURIES**

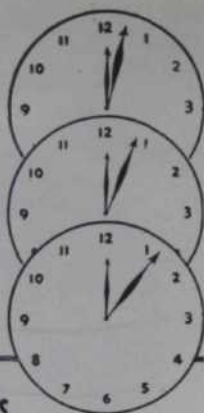


# How to Cut Metal Cleaning Time to MINUTES—

**NEW, FAST-ACTION DETERGENT CLEANS FERROUS  
AND NON-FERROUS METALS... Easy to Handle**

War-proved Solvent "26" reduces cleaning time from hours to minutes on dismantled engine parts

and all kinds of machinery. Simply dip, rub, brush or spray it on. Then flush clean with hot water.



## TYPICAL USES FOR SOLVENT "26"

### CARBURETORS



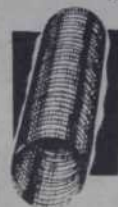
Solvent "26" removes gum, gasoline sediment and other accumulations of dirt.



### SPARK PLUGS

Solvent "26" safely cleans porcelain; helps loosen carbon deposits.

### METAL PLATES AND SCREENS



Solvent "26" restores clear, clean finish to any metal surface.



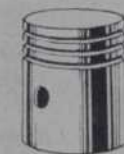
### DIES AND STAMPING

Solvent "26" removes drawing compounds from die-formed or stamped metal.

### LABORATORY EQUIPMENT



Solvent "26" frees glass and metal tubing and their supports of gums, varnishes and other incrustations or deposits.



### PISTONS

Removes lacquers, gums, resins, etc., from gas, gasoline and diesel engine pistons and rings. Also effective for cleaning all parts of dismantled motors, engines and machinery.

### REMOVES:

Oil  
Grease  
Gums  
Varnishes  
Lacquers  
Paints

Carbonaceous  
Deposits  
Asphaltic  
Products

### FROM:

Steel  
Cast Iron  
Aluminum  
Porcelain  
China

Chrome and  
Nickel Plate

Stone  
Precious  
Metals  
Brass  
Washable  
Fabrics

calling for the use of instalment credit only after cash customers had been served and when manufacturing showed signs of declining volume.

Richard Oblender of Lancaster, Pa., in his report as retiring president of the Retail Credit Institute, referred to the forthcoming textbook of Dr. Reavis Cox upon "The Economics of Instalment Buying" as "the greatest effort ever made in retailing to clarify and set right with the public a fundamental business custom."

The Institute has invested some \$70,000 in the book which represents 15,000 miles of travel, 20,000 pages of notes, diagrams, records and experience gathered from thousands of interviews and access to hundreds of records.

In cold figures here is the consumer credit panorama for year-ends in billions: 7.6 (1929); 3.9 (1933); 9.9 (1941); and 5.8 (1944). Instalment credit has run this way: 3.2 (1929); 1.5 (1932); 6.0 (1941) and 2.0 (1944). Some economic authorities would like, of course, to see this tap used only when the well of demand is running dry just as stock market controls are used to check speculation. Maybe it would work, but the instalment people don't think so.

### Outstanding orders

IN expressing optimism over retail prospects for 1946, Jack I. Straus, president of R. H. Macy & Co., called for a prompt return to the tested principles of good retail management which suffered not a little in the war. The Macy principles, incidentally, seemed to work all right in the Christmas shopping season because the store set a record by having three days when sales under the one roof passed the million mark.

Among the matters requiring the attention of merchants, Mr. Straus emphasized, are the balancing of stocks, reduction of outstanding orders as rapidly as conditions permit, better turnover, better utilization of facilities, improved mechanical aids where possible and revived training programs.

The reduction of outstanding orders is high on the list of most retailers in spite of shortages which are expected to run through the first half of the year. The pyramiding of orders in an effort to insure deliveries, has boosted such figures far beyond normal.

### Not "running away"

CHARLES E. WILSON, president of General Electric and ex-WPB vice chairman, ticked off a list of company plants and how they would be occupied. He was refuting union charges that the company sought to "run away" from the unions by locating plants in non-union areas. In this city the labor force would be doubled. In another the jump would be 50 per cent. This plant was being given up only because it was a "special purpose" unit for the war.

"And why should we be so foolish as to run away from trained labor?" Mr. Wilson asked his press conference. "We want the best in skill and naturally we find it where we have been established for years."

Mail this coupon today for further information.

CITIES SERVICE OIL COMPANY  
Room 637, 70 Pine Street, New York 5, N. Y.  
Gentlemen: I am interested in a demonstration of Solvent "26"—at no cost or obligation.

Name \_\_\_\_\_  
Title \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_



CITIES SERVICE OIL COMPANY

ARKANSAS FUEL OIL COMPANY





# "I FOUND a way to save \$24,480.00 in my *Wastebasket*"

"Something caught my eye in the wastebasket . . . a trade journal I had flipped through and discarded. It was turned up to an ad which promised a 46% saving in material handling costs. When they talked about cutting my handling costs that much, well, I wanted to be shown.

"Literature told how this saving could be accomplished simply through the use of a bright, shiny orange and black electric truck called 'Transporter' . . . the miracle truck that lightens life's loads. It was an impressive story. As a result I ordered one, and an A.T.C. Specialist showed up with it to demonstrate what they claimed.

"He piled 6000 pounds of our most unwieldy product on it. Then asked for one of our stenographers . . . and she promptly walked off with the load as easy as she'd powder her nose. Her

thumb pressed a button, her hand gently guided it. That's all there was to it. Husky truckers accustomed to a three-man operation moving similar loads were amazed . . . couldn't wait to try this wonder truck that meant for them an end to back-breaking, gruelling toil.

"I was more than sold on Automatic Transporters. They have cut our material handling costs 46% . . . a solid \$24,480.00 saved\*—the equivalent of \$244,800.00 worth of increased volume on a 10% profit basis. That's the money-saving, profit-making opportunity I found in my wastebasket."

Such savings may be duplicated many times over during the life of Transporters . . . may be multiplied many times depending on the size of your material handling operation. Mail the coupon for complete facts.

Remember: Only AUTOMATIC Makes the TRANSPORTER

## "Transporter"

A PRODUCT OF AUTOMATIC

*Lightens  
LIFE'S LOADS*

\*Case 10 in "Automatic Savings Parade"

AUTOMATIC TRANSPORTATION COMPANY  
Div. of The Yale & Towne Mfg. Co.  
89 West 87th Street, Dept. B, Chicago 20, Ill.

Please mail me, without cost or obligation, complete facts about AUTOMATIC TRANSPORTER, the miracle electric truck . . . plus proof that it has cut handling costs in half.

☐ Have an A.T.C. Material Handling Specialist call.

Company Name.....

By..... Position.....

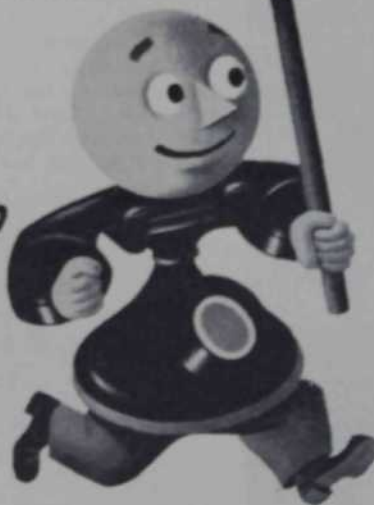
Street Address.....

City..... State.....





*We're catching up  
with those  
telephone orders*



THE news is a lot better for every one who's been waiting for a telephone.

We've put in more than 500,000 telephones in three months—and they're going in faster every day.

But there are places where we have complicated switchboards to install—even places where we must build new buildings for the new switchboards. In those places it will take more time.

We're working hard on that job and aiming to give everybody quicker and better service than ever before.



**BELL TELEPHONE SYSTEM**

There's Good Music on *The Telephone Hour* . . . every Monday evening over NBC





## TOUGH JOB...TOUGH TRUCK

***And Rugged Internationals Have What It Takes***

Timber equivalent to 48 billion—48,000,000,000—feet of lumber! That's a typical one-year crop from America's vast commercial forests. That's 370 board-feet for every man, woman, and child.

Yes, America is fortunate in its forests—fortunate in its wood resources for industry, agriculture, commerce and housing.

America is fortunate, too, in the men who harvest the forest crop—men of resolute endurance, stout of arm and steady of eye.

And working with these men everywhere are powerful International Trucks that haul giant logs on steep grades over rough roads, to rivers, railroads and sawmills.

Rugged Internationals of the timber

trails deliver from three-quarters to all their engine power practically every working hour—with the stamina, economy and ease of operation that have made International Trucks predominant throughout the heavy-duty field.

*In the last fourteen years civilian users have purchased more heavy-duty International Trucks than any other make.*



Heavy-duty Internationals are one part of the complete International Line—that provides the right truck of the right size for every job.

And back of all Internationals are service facilities to match—a network of International Truck Dealers—a system of International Truck Branches that form the nation's largest company-owned truck service organization.

**INTERNATIONAL HARVESTER COMPANY**  
180 N. Michigan Avenue Chicago 1, Illinois

LISTEN TO  
"HARVEST OF STARS"  
EVERY SUNDAY! N B C NETWORK



# INTERNATIONAL Trucks





**All you'd expect  
...and more**

**Y**OU can't blame Dad for his pride in showing off twins. Nor can you blame a businessman for pride in the better, more valuable insurance protection he secures with the benefits of Hardware Mutuals *policy back of the policy*.

Especially attractive are those twin advantages *safety* and *service* as they go into action with workmen's compensation and liability insurance. The *policy back of the policy* provides a Safety Engineering Service that is a direct aid to increased production and lower costs—because it eliminates hazards to personnel and equipment.

Hardware Mutuals Claims Service is an equally sturdy asset. By promptness, sympathy and fair dealing it aids good employe relations. To accompany these benefits Hardware Mutuals have an outstanding record for returning dividend savings to policyholders.

Among the nation's leading writers of workmen's compensation insurance, Hardware Mutuals continued their sound growth and progress in 1945. For all the protection you'd expect—and more—look to Hardware Mutuals . . . non-assessable policies, licensed in every state, with offices from coast to coast. Send for our free booklet on "Industrial Safety Procedure."

*Automobile, Workmen's Compensation and other forms  
of non-assessable Casualty and Fire Insurance*

# Hardware Mutuals

## FEDERATED HARDWARE MUTUALS

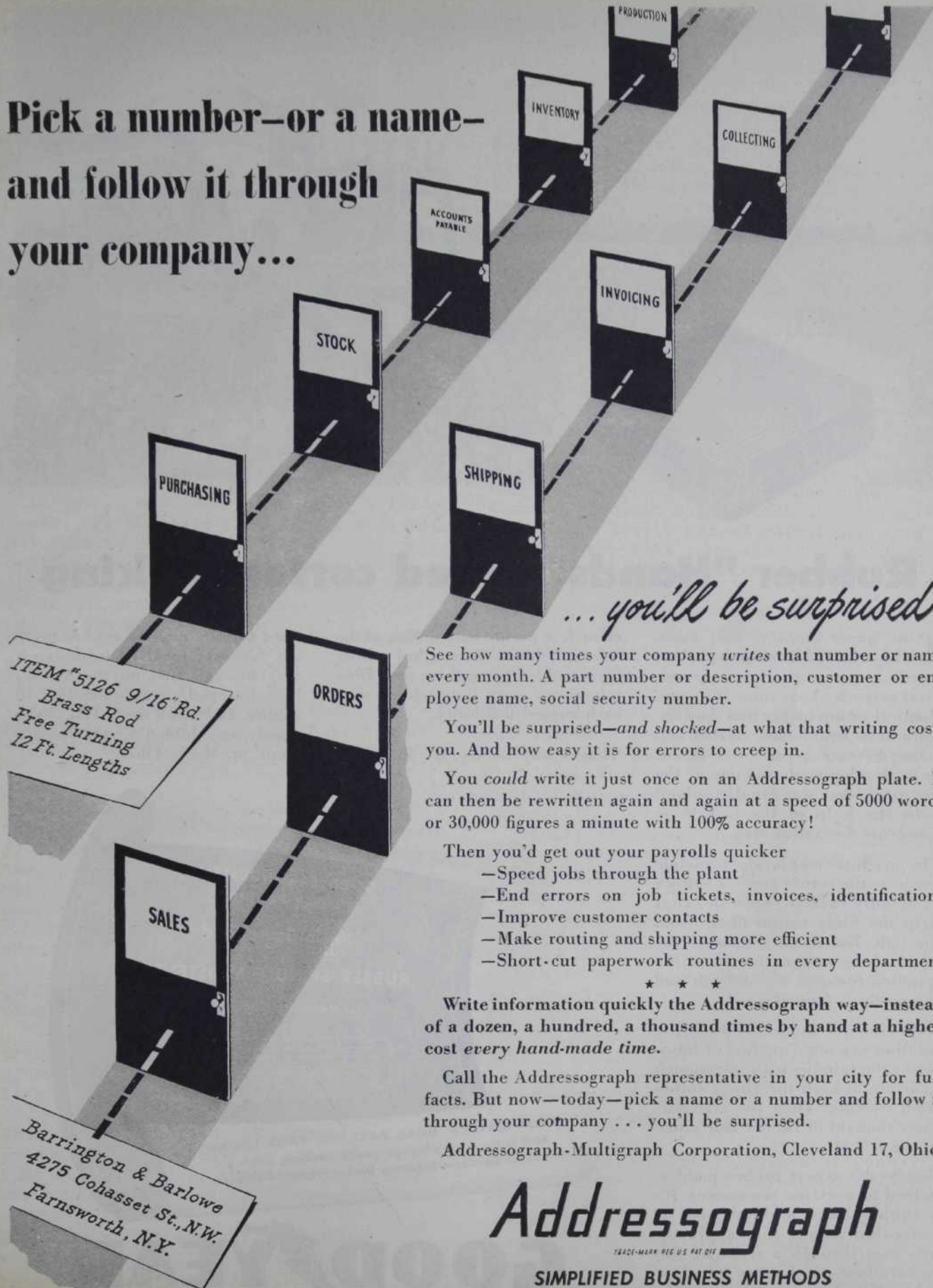
*Hardware Dealers Mutual Fire Insurance Company, Home Office, Stevens Point, Wisconsin  
Mutual Implement and Hardware Insurance Company, Home Office, Owatonna, Minnesota*

## HARDWARE MUTUAL CASUALTY COMPANY

*Home Office, Stevens Point, Wisconsin*



Pick a number—or a name—  
and follow it through  
your company...



*... you'll be surprised*

See how many times your company *writes* that number or name every month. A part number or description, customer or employee name, social security number.

You'll be surprised—and *shocked*—at what that writing costs you. And how easy it is for errors to creep in.

You *could* write it just once on an Addressograph plate. It can then be rewritten again and again at a speed of 5000 words or 30,000 figures a minute with 100% accuracy!

Then you'd get out your payrolls quicker

- Speed jobs through the plant
- End errors on job tickets, invoices, identifications
- Improve customer contacts
- Make routing and shipping more efficient
- Short-cut paperwork routines in every department

★ ★ ★

Write information quickly the Addressograph way—instead of a dozen, a hundred, a thousand times by hand at a higher cost *every hand-made time*.

Call the Addressograph representative in your city for full facts. But now—today—pick a name or a number and follow it through your company . . . you'll be surprised.

Addressograph-Multigraph Corporation, Cleveland 17, Ohio.

# Addressograph

TRADE-MARK REG. U.S. PAT. OFF.

**SIMPLIFIED BUSINESS METHODS**

Addressograph and Multigraph are Registered Trade Marks of Addressograph-Multigraph Corporation





## Rubber "Hands" speed cotton picking

**T**HIS queer machine that looks like a giant corn-popper on wheels is one of the great agricultural marvels of our time. It's a mechanical cotton-picker that does the work of 60 field hands, cleaner and faster. Seventeen years were spent in its development, and one of the key problems was finally solved with the help of the G.T.M. — Goodyear Technical Man.

The machine employs a principle as old as the cotton gin — a battery of rapidly rotating spindles that strip the filmy cotton fibers from the boll. But in early models the fibers clung so tenaciously to the spindles, removal was difficult and the machine soon clogged.

Experiments indicated that the solution was some method of lubricating the spindles with just enough moisture to keep the clingy cotton from sticking. Then the manufacturer thought of rubber and called in the G.T.M.

Goodyear's expert rubber molders helped to work out the answer. It's a rubber hand molded with 30 wafer-thin fingers that apply the lubricant through a series of tiny perforations. A battery of these rubber hands caresses the spindles as they rotate, moistening them just

enough to permit easy doffing of the cotton. Seldom, if ever, has rubber been molded to combine such close tolerances, such intricate design, such rugged flexibility.

That is why we say, if you have a

need for any molded rubber product, however involved in design it may be, call first on the world's best-equipped precision-molder of rubber. To consult the G.T.M., write Goodyear, Molded Goods Department, St. Marys, Ohio.



# GOOD YEAR

THE GREATEST NAME IN RUBBER



# MANAGEMENT'S

## *Washington* LETTER

**A last minute roundup by a staff of Washington observers of government and business**

► **GOVERNMENT'S** wage policy is fixed—on the broad principle of higher basic pay rates for all industries. Strategy is to avoid stating it—let it seep out to industry and the public.

Treasury has passed word informally to members of Ways and Means Committee to count on this policy in drafting 1946 tax bill.

In steel, meat and other labor settlements, OPA was told that prices must be adjusted to new wage policy.

Other industry, seeing the pattern, thus abandons hope of maintaining 1942 costs and prices—the former goal of re-conversion policy.

► **EXPECT** no miracles in the strike field. Congress will do nothing quickly. If it acts at all, will hold long hearings. That gives time for pressures to build up. They count in an election year with memories of PAC in the background.

With steel, motors, packers and rail settlements out of the way, next attacks will come on smaller industries and small units of big industries. Year will not be one of labor peace or full production.

Nothing new about "ability to pay" argument except that CIO used it openly. It's an old game to hit the wealthier outfits first, spend a year or two whipping run-of-mine producers into line.

► **PRESIDENT TRUMAN** meanwhile holds that prompt all-out production is the nation's one chance to beat inflation; believes only labor peace will insure necessary production; is hopeful full production will stabilize cost of living, start downward trend and thus head off another round of wage demands.

► **FUTURE** of OPA meanwhile is being weighed anew by highest Administration policy makers, in light of decision for maintenance of wartime wage rates.

Impressive evidence is accumulating

that bad pricing has slowed civilian production in several basic industries.

Growing sentiment in Congress veers to position that expanding production and competition will tend to keep prices down if OPA is rubbed out June 30.

► **FARM PARITY PRICES** continue to advance steadily with industrial wages and material costs. In theory parity price gives each crop the same purchasing power per unit it commanded in 1910-14.

During 1945, official parity on wheat advanced from \$1.51 to \$1.56 per bushel; beef from \$9.27 to \$9.54 per cwt; hogs, from \$12.40 to \$12.80; eggs from 44.2 cents per dozen to 46.5; potatoes from \$1.24 to \$1.28 per bushel.

Under postwar price support program (to remain in effect at least two years after formal proclamation ending emergency), government floors are fixed in most cases at 90 per cent of parity.

As wages go up, parity advances; then higher farm prices generate new wage demands based on higher cost of living.

With new parity prices calculated each month, every wage increase is translated quickly into higher government floors under farm prices.

This is an automatic and self-perpetuating inflation spiral—a key to long-term price trends for every business manager.

► **CONGRESSIONAL ELECTIONS** this year overshadow all maneuvers in House and Senate. Hannegan wants a "mandate" for President Truman's legislative program, most of which does not command majority support in both Houses.

Primary elections begin in March; Congress is disposed to defer action on major bills—as universal military training, Social Security amendments, extension of war powers—until it can interpret grass-roots sentiment in primary election trends.

Only 17 votes now separate majority and minority parties in House. A turnover in House control next November is the big political stake in congressional debates during next six months.

Business significance: Actual legislative accomplishments between now and July recess will be negligible.

► **AIR POWER** is first objective of Congress in development of permanent defense program.

Army air establishment, as now before Military Committee, contemplates 70 groups, making about 4,000 combat planes with air and ground crews aggregating 450,000 men.

This "standing army of the air" would



be buttressed by organized research, a world-wide net of strategic fields and supply bases, and a going aircraft industry capable of quick expansion to emergency production.

House and Senate Committees are approaching agreement on creation of this dominant air force before going into other questions of defense, as Army-Navy merger, universal training—which are highly controversial.

► **AIRCRAFT INDUSTRY** asks for stand-by plants aggregating 26,000,000 square feet for airframe and engine production in war; also 65,000 general purpose machine tools.

Idle plants would be maintained by Government with a nucleus of skilled production personnel.

Industry estimates maintenance of such reserve production capacity would cost about \$2,500,000 a year.

Military services support the idea with figures showing that development work, engineering and tooling were biggest delays in building up our overpowering air force.

► **TIN** allocations have been enlarged by Civilian Production Administration, on assumption that 20,000-ton stockpile will last 'til new supplies begin coming in from South Pacific; more tin for all uses this quarter, and controls may be dropped in June if East Indies mines are fully restored.

► **PRINTING INDUSTRY** asks what became of \$300,000,000 worth of printing machinery and equipment bought by federal agencies during war years. No surplus property has been declared in this line.

Industry says military and civil departments now operate 210 field establishments doing routine job printing and periodical work.

Congressional Joint Committee on Printing has asked Budget Bureau for a comprehensive survey of federal printing establishment—over and above the Government Printing Office, which employs 7,000 workers and is charged by law to do all the Government's printing.

But now, Department of Commerce has 30 field establishments for printing its own work: Navy, 63; Army, 49; Veterans Administration, 17; Post Office, 14; Interior, 6; Justice, 5; War Shipping, 4; Agriculture, 2.

► **RUSSIA'S GOLD HOARD**, estimated as high as \$10,000,000,000 in some responsible quarters, has the Bretton Woods monetary managers scratching their heads.

Experts believe Soviet Government's

failure to ratify Bretton Woods agreement turned on reluctance to report annual gold reserves, production, imports and exports as required by UNO.

Diplomatic sources estimate Russia's gold production now at rate of about \$200,000,000 a year; but Moscow has published no official figures since 1933.

Bretton Woods sponsors hint Russia may set up her own system of central banks in the satellite liberated lands, placing the new ruble area on a metallic reserve standard while UNO powers continue on paper credits.

► **BRITISH RECIPROCITY TREATIES** on income and estate taxes, approved by Senate Foreign Relations Committee, are scheduled for ratification before April.

Basic purpose is to eliminate gross injustice in double taxation; but broad terms of treaties leave a wide latitude for administrative interpretation, both on income taxes and inheritance levies.

All persons and corporations having interests in both U.S. and U.K. will find it advantageous to study the new treaties with the thought of rearranging their financial operations.

► **ATOMIC BOMB** plant at Oakridge, Tenn., is called Happy Valley by workers, because, literally, nobody knows what the other fellow is doing.

But the 59,000-acre project still is in production, with some sections avowedly working on harnessing atom power for industrial combustion.

Scientists report a number of new substances now offer splittable atoms. Several field surveys are roaming the country to stake out deposits of newly discovered atom minerals.

One celebrated scientist told the McMahon Committee in Senate: "We are making bombs and storing them."

► **HOUSING EXPEDITER** will press labor unions for temporary suspension of feather-bedding rules to hasten low-cost units for veterans; will ask cities to relax building codes to permit wider use of new materials and experimental designs. Old-timers in industry wish him well but have fingers crossed.

► **CONSTRUCTION INDUSTRY** reports new housing units being started at rate of only 20,000 monthly throughout entire nation, but industry could handle 100,000 monthly if adequate materials were available.

Says National Association of Home Builders: "OPA must adopt a more realistic formula in pricing building materials. Manufacturers must be encouraged



to produce, and distributors must be allowed a proper profit margin."

Builders also charge government relief and credit agencies are supplying European reconstruction demand ahead of U.S. needs.

"The export of some hundreds of millions of board feet of lumber to foreign countries should be stopped immediately until a sufficient supply for our own most critical needs is at hand."

► GERMAN INDUSTRIAL PLANTS are offered for shipment to U.S. on reparations account. First list of 43 plants released by Allied Control Council includes makers of machine tools, ignition equipment, ball bearings, tractors, motorcycles, and optical equipment.

For details address Office of International Trade, Department of Commerce, Washington 25, D.C.

► VETERAN LOANS will be much easier under revised regulations to become effective about April 1. A number of red-tape forms are being eliminated. Period in which applications may be filed has been extended from 2 years to 10 "after the end of the war."

Under revised plan, vet loans by any established lending agency subject to federal or state supervision are guaranteed automatically—within loan and cost limits fixed in law.

Maturity date on urban real estate loans will be extended to 25 years, farm loans 40 years, business loans 10 years.

► SURPLUS PROPERTY reports an inventory of more than \$1,000,000,000 in consumer goods, and expects additional declarations aggregating \$2,700,000,000 in first half of '46.

Armed services no longer need \$169,000 worth of push brooms; \$2,833,000 in skis and ice creepers; \$24,000,000 cotton duck; \$13,000,000 footwear; \$17,588,000 butter; \$4,775,000 salted peanuts; \$1,495,000 canned heat; \$22,575,000 frozen whole eggs.

► WOOL INDUSTRY hears British mills are back to prewar levels of employment and production, while many U.S. plants are still in various phases of reconversion and curtailed production.

Labor Department reports average earnings in British wool industry at \$13.20 for 40 hours, against \$35.08 in U.S.

English produce woolen and worsted goods at average cost of 57 cents per square yard, against about 80 cents for U.S. mills.

Lord Keynes in House of Lords on subject of British loan said: "The U.S. is

rapidly becoming a high-living and high-cost country. Their wages are roughly two and one-half times ours."

► FLORIDA BOOM is charted by highway engineers, who count up to 300 autos daily moving into state carrying beds, chairs and kitchen equipment.

Of 67 counties, 27 show a population increase of 10 to 160 per cent as of Jan. 1, compared with spring of '41.

Influx has aggravated a critical housing shortage; but labor is abundant.

► SOCIALIZED MEDICINE program gets a cool reception in House following showing by insurance industry that 40,000,000 persons already are covered by voluntary health and accident policies—a five-fold increase over 1939.

More than 400 companies now write health and accident insurance. Total premiums in '44 were \$525,000,000 for this class of business, exclusive of hospital service policies.

In addition, more than 5,000,000 persons carry prepaid medical care programs, covering hospital and surgical bills. Almost half of latter group are covered by employer-sponsored plans in industry. Next, 17,500,000 participate in Blue Cross Hospital plans.

Consolidating all these voluntary protection measures, Insurance Economics Society of America concludes that at least half the population insures itself against medical costs; another 40 per cent handle these emergencies on pay-as-you-go basis without hardship.

► WASHINGTON BUSINESS BRIEFS: Federal 1947 budget anticipates deficit of about \$1,000,000,000 a month, against wartime average of \$5,000,000,000 monthly.... Selective Service expires May 15; will not be extended.... Veterans Administration needs 4,500 doctors by July for its hospital expansion program.... Grain trade hears U.S. will export 200,000,000 bushels of wheat to Europe in first half of '46.... CIO demands prompt ending of Pearl Harbor investigation; calls it an attempt "to smear the memory of a great President".... World stocks of raw cotton are the largest on record, aggregating about 30,000,000 bales, or more than two years' world consumption prewar.... President's 1947 budget makes no provision for universal military training, which CIO opposes.... U.S. aircraft production, which reached a wartime peak of about \$20,000,000,000 a year, will barely hit \$650,000,000 in '46.... Labor backs away from ability-to-pay doctrine, on ground it may one day become ability-NOT-to-pay.





## To fit your hauling needs . . . **STANDARDIZE**

Whether you operate one truck or a hundred, it pays to standardize on Reo. For here is a range of engines, wheelbases, capacities, axle ratios and special equipment—plus outstanding features of design and construction—which provide the capacity, power and performance to fit your hauling needs.

Furthermore, Reo is all truck—from the powerful, precision-built Gold Crown engine, with crankshaft hardened by special process, to the massive, cold-riveted frame structure and the dual primary brakes which utilize braking areas more effectively. Another big Reo feature, More-load design, provides more load space on shorter wheelbase with balanced weight distribution—gives shorter turning radius and greater accessibility.

Since 1904 Reo has enjoyed a reputation for economy, dependability, long life. Backed by outstanding war production achievements, Reo faces today's transportation needs with equipment built for today. This is now being delivered as fast as possible through a nation-wide sales and service organization of factory-operated branches, distributors and dealers. REO MOTORS, INC., Lansing 20, Mich.



# ON REO

1904 • AMERICA'S TOUGHEST TRUCK • 1946

**BUILT, SOLD AND SERVICED BY TRUCK SPECIALISTS**



# TRENDS



## OF THE NATION'S BUSINESS

### The State of the Nation

**N**EVER, in the memory of living men, has there been greater anxiety, uncertainty and confusion of thought than is found throughout the United States in these early days of 1946. The most smashing military victory in modern history has brought no fundamental satisfaction to the victorious people; has, on the contrary, multiplied their discontents.

A measure of disillusionment was inevitable after the attainment of an end on which every faculty had been concentrated, to which every normal consideration was made subordinate. Man is so constituted that the attainment of an objective is less important to him than the striving for it. And when the collective striving is as intense as was the case during the 44 months between Pearl Harbor and Hiroshima, the let-down at its termination is bound to be protracted and pronounced.

Nor was it ever possible that any participating nation would emerge morally and spiritually uninjured from such a carnage. Many Americans have become deeply cynical because of abundant evidence that neither reason nor good will are dominant in the conduct of the postwar world. It is time to realize that this cynicism is itself corrosive; since cynicism is wholly incompatible with faith, and faith is indispensable to the success of both our political and our economic systems.

A further serious strain results from the fact that our people as a whole are tired. Victory has been at a cost not fully measured even by the astronomical figures of governmental debt. Many a contract-breaking strike, many a painfully dis-

solved marriage, have today the same fundamental, psychological explanation. Tired people act from the impulse of irritability rather than from that of reason.

Yet, when all obvious explanation is made, it still remains apparent that the diagnosis is incomplete and that some deeper ailment is at work.

One may ask: Why devote particular sympathy to the American people when those of so many European and Asiatic countries are obviously in far worse case, lacking every creature comfort to a degree which most of us can scarcely even imagine? The question is reasonable. Its answer emphasizes the danger behind the *malaise*—the “ill ease”—which today affects every thinking American. Charity toward others will avail nothing unless we simultaneously rehabilitate ourselves. Obviously we cannot send adequate material aid abroad if our own production fails. Less obviously, but no less definitely, we cannot assist the moral regeneration of other people unless degeneration is stopped at home.

Americans are uneasy today not so much because they fear the future as because they have forgotten the past. We begin to realize that, however magnificent, our material prospects will not rival in creative accomplishment the spiritual heritage to which so many have become indifferent. Our country is far more powerful; our faith far less so, than in the early days of independence.

Participation in two world wars and the commanding position in which we now find ourselves have made us forgetful of the real sources of American strength. We are coming to believe, like many empires which have come and gone, that





## *Burning* question - solved by metal spray

"SM" is the name of the new electrode — spray type — developed by P&H for welding sheet metals. Applying it may be likened to "brushing on" weld metal.

"SM" reduces material spoilage. Its lower heat requirements eliminate the hazard of "burning" through the sheet metal. Removing slag is easier. Chipping isn't necessary. And because the weld deposit is smoother and flatter, grinding operations can be dispensed with. "SM" is so much easier to use because of the cleaner, stronger, more uniform welds that it cuts cost to the bone. That's why it is welcomed wherever sheet metals are welded.

"SM" is a typical example of P&H research and development in the field of arc welding.

Thoroughly tested and proved, it's the newest addition to America's most complete line of electrodes and arc welding equipment. As a leading user as well as a leading maker of welding equipment, P&H places its unique experience at your disposal. Call on P&H for every arc welding need.

**Manufacturers of**

<b>P &amp; H</b>	Overhead Cranes • Electric Hoists Excavators • Welding Positioners Arc Welders • Welding Electrodes
MILWAUKEE 14, WISCONSIN	
<b>HARNISCHFEGER</b> CORPORATION	
WELDING ELECTRODES • MOTORS • HOISTS •  ELECTRIC CRANES • ARC WELDERS • EXCAVATORS	



battleships and battalions, and such new destructive devices as the atomic bomb, of themselves represent attainment.

A subtle change has come over our thinking since the time when military preparedness was urged only as a necessary means to protect the American way of life. Now constant mobilization of material power is advocated, as in the case of permanent compulsory military training, almost as an end in itself. Conscription is not directed against Russia, we are told, but is desirable to discipline our youth. If traditional liberties can be preserved along with development of governmental authority, so much the better. But increasingly it is argued that, if the freedom of the individual and the interest of the State come into conflict, the former should give way.

In that attitude is the seed of the very doctrine against which the war was waged.

### Our Republic Faces Dangers

A liberal Republic, dedicated to the establishment of Justice, the insurance of domestic Tranquility, the promotion of the General Welfare and the securing of the Blessings of Liberty, is without doubt the most difficult of all forms of government to maintain.

The reefs of history are strewn with the wreckage of republics—three of them have collapsed in France alone in the relatively brief period that our fortunate experiment has endured. Nor, from the outset, has there been lack of intelligent pessimism for the American future. At the very signing of the Constitution, shrewd old Ben Franklin stated his belief that while our form of government “is likely to be well administered for a course of years” it “can only end in despotism, as other forms have done before it, when the people shall become so corrupt as to need despotic government, being incapable of any other.”

Not all American scholars, however, are as doubtful of the permanence of a democratic Republic as was Franklin, and Plato before him. During the war that dean of American historians, Dr. Charles A. Beard, employed the Socratic method to write an invaluable commentary on “The Republic”—not Plato’s ideal State but the actual Commonwealth of our experience “as strengthened, developed and governed under the Constitution of the United States.” In Dr. Beard’s conclusion:

“Calamities may come upon America or be brought upon the country by demagogic leadership . . . But . . . Enough of our Republic will be kept intact to restore, rebuild and go ahead . . . The little that the strongest of us can do may seem small, but surely the unresting spirit of Americans will endlessly strive to carry on the values in their heritage, to improve upon them, to create new arts and sci-

ences of living, to sustain and make better the Republic.”

The values in the American heritage are many and varied. On some of them, which tend to mold unless they are occasionally brushed off and reconsidered, I hope to concentrate in subsequent comment on the State of the Nation. There is one, however, which deserves particular and immediate emphasis.

### We Must Practice Self-government

That which distinguishes the American people from other political groupings, giving cohesion to the many diverse elements in our population; stability to our republican forms; strength to isolated communities and a sense of voluntary unity to the whole, is a highly-developed moral sense. This characteristic, nurtured in the homes, the schools and by many different types of churches, has enabled us—until recently—to get along with far less “government” than most other peoples. For government by laws and bureaucrats Americans have traditionally substituted self-government, in the literal sense. But there can be no satisfactory self-government without self-imposed standards—of honesty, restraint, tolerance, fair-dealing and other homely Christian virtues.

Loyalty to such standards, or principles of conduct, is what one means by “morality.” Unfortunately, the term has acquired a suggestion of prudishness, an application to sex relationships which are at most only a narrow part of the whole field of morals. Business Morality; Trade Union Morality; Journalistic Morality; Political Morality; Parental Morality—all these are of social importance at least comparable with the specialized application of the word which comes down to us from a time when it could be assumed that people, on the whole, had moral insight.

Actually, of course, morality cannot be divided—any more than freedom can safely be broken into fragments. When the concept of freedom is separated into four enumerated “freedoms,” the central core of what the word means is subtly weakened. So with morality. A person—and by extension a people—either possesses the moral sense or is deficient in it.

Those who possess it know how to cooperate happily with others and therefore require a minimum of external control. Those who lack moral standards become, in Franklin’s words, “so corrupt as to need despotic government, being incapable of any other.”

FELIX MORLEY







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# The U. S. and World Affairs

## TRENDS



OF THE NATION'S BUSINESS

**I**N SENDING our top-ranking military war leader, General George C. Marshall, as interim Ambassador to China, we have dramatized the deep American interest in that country. The President's statement of policy on China, issued as General Marshall took off for Chungking, underlined that concern. Both actions amounted to reproofs to the section of American opinion which has been yelling for us to withdraw our Marines from China and wash our hands of its internal affairs.

The common sense of it is that trouble in China endangers world peace and therefore cannot be a matter of indifference to us. What is more, it is clear that American withdrawal would merely encourage others to intervene more deeply, so that the cure would be worse than the disease.

The fact is that we have just finished off a costly war in the Far East and we would be acting most bizarrely if we did not defend our stakes in that area. Foremost among those stakes is an independent China. It was for that, in the final check-up, that we took on Japan in a finish fight. Had we been willing to compromise on Nipponese dominion over China, all other disputed points would have been settled easily.

### For a United China

A continued division of China into two segments, each with its own armies and political ideologies, obviously does not jibe with independence. General Marshall's number one assignment consequently is to help establish the political and territorial unity of the country. In principle at least, everyone concerned—including the Chinese Communists and Soviet Russia—agrees that this is highly desirable. The main obstacle is likely to be the reluctance of the Communists to give up their private armies, without which they would be just another political party.

Second among our stakes is the maintenance of equal trade and investment opportunities in China for all nations. This ties directly into our concern for independence. Only a China united and strong, no longer plagued by civil war, can guarantee economic equality to all comers. An autonomous Communist area next-door to Russia, no matter how artfully disguised, would become an economic back yard for the Soviets. By the same token Manchuria, the industrial heart of China, would tend to become a Russian

economic preserve unless it is integrated with the rest of China.

America has often been charged with lacking a clear set of foreign policies. One striking exception to that charge is the Open Door policy for China. We have adhered to it now for nearly half a century. Formulated in a pronouncement on Sept. 6, 1899, it turned thumbs down on "exclusive rights of any power within or control over any portion of the Chinese Empire." It was because Japanese ambitions cut athwart this policy that a Japanese-American showdown became inevitable.

### How Open Will the Door Be?

A firm American defense of the Open Door can therefore be taken for granted. Should we be forced to give ground on this score, it will be a major diplomatic disaster. And the area where the Open Door will have to be safeguarded is already clearly defined.

It was an aggressive push into Manchuria by czarist Russia that first led the United States to announce the Open Door formula. Today Manchuria is again the test and Russia, under its new regime, again the occasion.

Though the Soviet treaty with China signed last August was generally hailed here as a victory for moderation, the Chinese were scarcely overjoyed. Russia recognized the authority of the Chiang Kai-shek Government over Manchuria and agreed to cooperate in restoring the huge province to China. But Russia obtained in return a series of concessions that in effect resurrected the special privileges once enjoyed there by the Russia of the czars. The Soviets, under the device of "joint control," became virtual master over the Manchurian railroad system, Port Arthur and Dairen—the communication keys, that is to say, to all Manchuria.

This closed the Open Door to a larger degree than either the Chinese or Americans relish. It was the bitter price paid for Moscow's promises not to close the door all the way by turning over the province and adjacent regions to the Communists. Evidently Chiang Kai-shek yielded on these points with American approval.

It is not generally known that in late November Russia proposed to China also a 50-50 "joint control" program for the exploitation of Manchurian coal, metals and other resources.



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Presumably it was American support which enabled Chungking to withstand the new pressure.

Manchuria has always been the richest prize in China. It is that more than ever today because the Japanese have expanded enormously its railroads, harbor facilities and basic industries. The Manchurian potential holds the promise of prosperity for all China and for the Far East.

But China does not have the capital to develop this potential. Neither has Russia. The truth is that the future of the rich province—and therefore of China—depends on intensive American exploitation, which in turn depends on an Open Door. Will Manchuria, despite the extraterritorial rights already granted to Russia, remain accessible to American capital, brains and know-how? This is the question at the core of the Chinese puzzle.

### Crisis for the World Order

The official address of the UNO will be USA.

The United Nations Organization, conceived at Dumbarton Oaks and hatched in San Francisco, will have its home in the United States. The atom bomb, whose fate is meshed into the destiny of the proposed world order, also has its hatchery in this country. A major portion of the military force behind the UNO must be provided by the United States. And of course the billion-fold bill, as set forth in related undertakings like Bretton Woods and UNRRA, will be paid largely by America.

Thus the American people have assumed the lion's share of responsibility for world organization. In deference to this fact we surely ought to pay more attention than we do, as a nation, to the great struggle now under way inside the United Nations—and in the thinking of people everywhere on this subject. It is a struggle that showed up in San Francisco, where it nearly wrecked the conference, and has been in evidence at every step of the way since then.

Reduced to essentials it is a conflict between those who want UNO to broaden out into a democracy of all nations and those who prefer a tightly limited and controlled dictatorship of the Big Powers dressed up like a world organization. Nearly every discussion and maneuver on the subject of world security fits into that basic clash. Whether anything real and enduring comes out of the United Nations Organization, it is now clear, depends on whether a middle ground can be found.

The dictatorship idea won out in San Francisco. Its victory took the form of the "veto power" vested in each of the Big Five—Britain, Russia, United States, China and France. Under that power, each of them is exempted from control by the United Nations as a whole. More than that,

each of them can throw the protection of its veto privilege around any small nation which it favors. Cutting through the alibis and double-talk, it means that any of the Big Five remains free to start a war or encourage some small nation to start one without effective UNO interference.

The middling and small nations accepted this deal under extreme duress. They accepted it, moreover, with large mental reservations. They were encouraged to hope that once the world organization becomes a going concern, it will gradually be democratized.

The demand for a broader, more democratic set-up has grown with every passing month. Significant, as an indication of the trend, is the fact that Britons and Americans have been more and more outspoken in favor of revision, and even of starting again from scratch. The British Foreign Secretary, Mr. Bevin, has called for a democratically elected world parliament. His Tory predecessor, Mr. Anthony Eden, has urged a review of the veto power in the light of atomic power. Dozens of American political and public leaders, stirred by the threat of atomic energy, have come out for more genuine world organization.

The chief opposition comes, as it did in San Francisco, from the Soviet Union. Apparently fearful that a broader organization might challenge some of its policies, Moscow has refused to budge from an extreme concept of national sovereignty. Indeed, the Five Power basis seems too broad for the Kremlin's taste, so that it has sought at every turn to limit vital decisions to the Big Three. A secondary source of opposition is in America, where many political leaders still object to yielding an iota of national sovereignty.

But the test of the UNO, after all, is in its ability to settle problems before they snowball into warlike situations. There are unhappily plenty of such problems on view in all parts of the world. What if the Indonesian trouble were brought before the UNO for settlement? The British veto power could, and probably would, head off any firm action not to its taste. What if the dangerous turmoil in Iran were dropped in the lap of UNO for action? Russia would instantly interpose its veto to cancel out UNO intervention.

There we have the fatal flaw in the whole undertaking. Despite the additional teeth written into the UNO constitution, it is even less capable of biting than the late League of Nations. Growing pressure for the revision of the world body can be expected in the months ahead.

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OF THE NATION'S BUSINESS



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# Washington Scenes

**A**N ecclesiastic of the 15th Century, Thomas à Kempis, wrote that "He is truly great who is little in his own eyes, and counteth for nothing all the heights of honor." This, it was believed last spring and summer, well described the new man in the White House, modest Harry S. Truman.

Many in Washington still feel that way about the friendly, hard-working Missourian, but the chorus of dissent is getting louder. One of the things that is being challenged is the à Kempis standard itself, at least as it applies to politicians.

"Is it," men ask, "such a virtue to hold one's self little, and to wish one's self away from an eminence like the Presidency?"

Some openly pine for the days of one-man rule, dismissing as so much nonsense the talk about modesty and humility in the White House. These are people who, for the most part, never have been able to reconcile themselves to the idea of having anybody at the helm but Roosevelt.

## Too Much Modesty, Some Think

But there is also some disquiet in President Truman's own political circle. For one thing, his associates feel that he should drop the "hair shirt" role. This, of course, refers to his oft-expressed plaint that he did not want to be President (or Vice President), and to his recital of what happened to him between spring and winter—the fervent pledges of cooperation in April, followed by brickbats in December.

The feeling is pretty general among them that Mr. Truman gives a wrong impression when he talks about his "ordeal," as he has in public speeches. They think it suggests that he lacks courage and toughness. Actually, in their opinion, he is well endowed with both.

Had Truman been an outright candidate for the Presidency in '44, and had he won, there can be no doubt that his attitude would be different today. He would feel that, whatever happened, he had asked for it. But, in his own mind, there has been a distinction between an avowed desire for the Presidency and a set of political circumstances such as brought him into that office.

The then junior Senator from Missouri honestly fought against being named Roosevelt's running mate. He was prepared to ask the delegates to nominate James F. Byrnes.

Given his choice, Truman probably would pre-



fer that some other Democrat be built up for the nomination in 1948. But that of course is out of the question. Truman is his party's leader and also its prisoner. He must run or have his party confess itself bankrupt.

Partisanship aside, the stories that have circulated around Washington about Truman's attitude have had a disturbing effect in some quarters. The reaction is in two parts. First, there is a sense of incredulity; after 12 years under a man who had a consuming love for the Presidency and who clung to the office until death, it is hard for people to adjust themselves to the idea of a White House occupant who feels otherwise. Then, once the novelty has been accepted, there arises the question of what may result from such an attitude on the part of the Chief Executive.

President Truman has answered this himself. In a speech at Caruthersville, Mo., he said that he had been a public servant for 30 years and had never yet shirked a job.

"I shall not shirk this one," he said, feelingly.

## President Growing in Stature

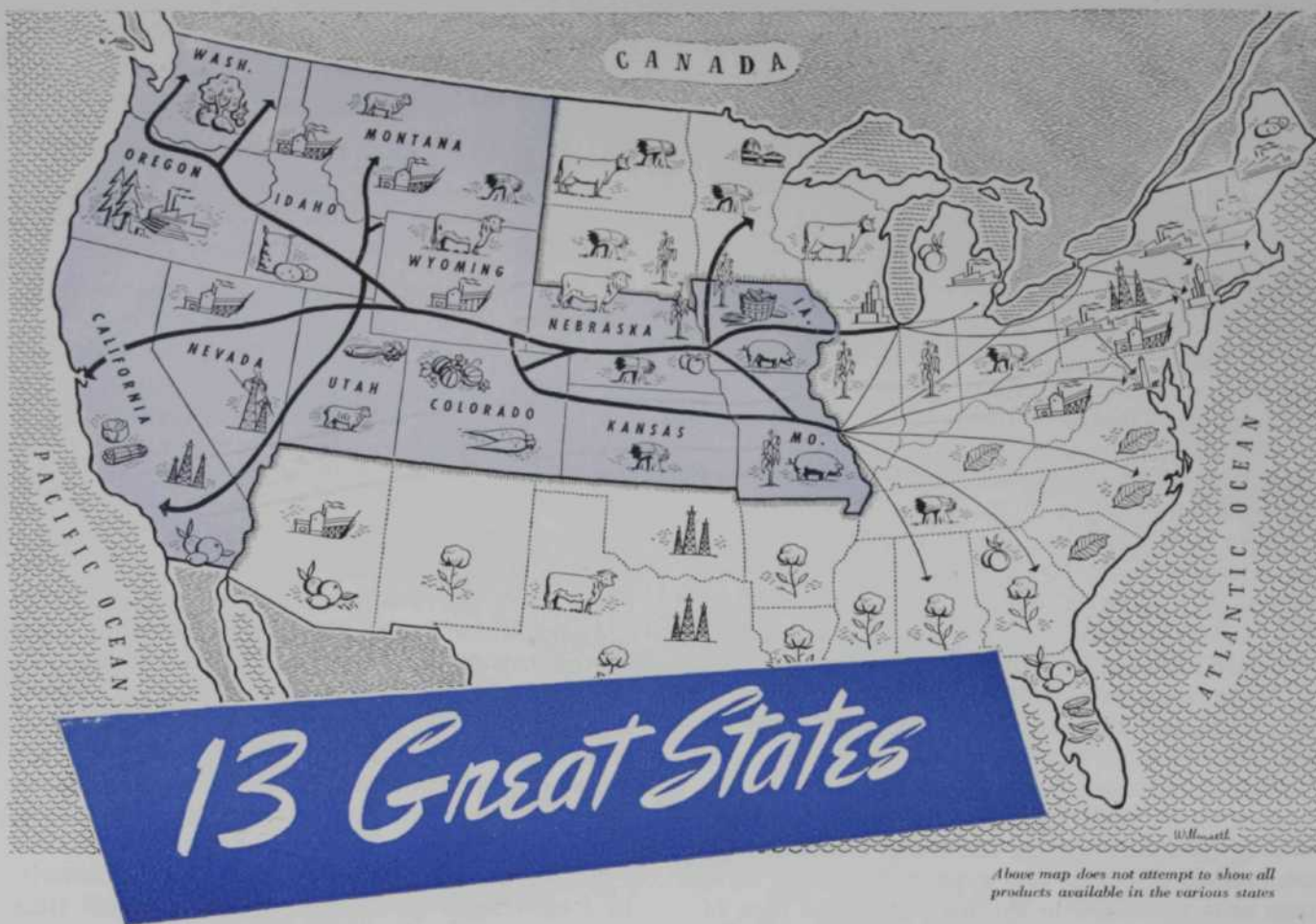
The record shows that Truman has grown with every public office. His intimates expect him to grow in the White House. He appears to be in tip-top physical shape and he does not brood overmuch. His physician, Col. Wallace H. Graham, says he is one of the "most remarkable" patients he has ever had, adding that he has a tremendous amount of drive and bounce.

In the opinion of some of his friends, Truman has been overconscious of Roosevelt's stature. Being catapulted into his shoes is a large part of what he considers as his burden.

This humility has suggested to some that Truman suffers from what, in the ugly phrase, is called an inferiority complex. Hardly! He has confidence in his own powers, but is utterly devoid of the papa-knows-best attitude that characterized Roosevelt. When he says, as he often does, that he can accomplish nothing without the help of all classes of Americans, he means it.

Truman appears to have no thought of ever being acclaimed as a great man himself. According to those who see him a great deal, the most he hopes for is that he will be adjudged a good President, a President of all the people. Despite his admiration for Roosevelt, he felt in his Sena-





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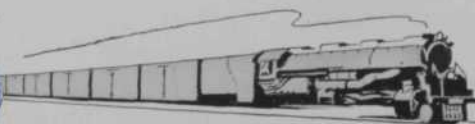
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torial days that the New Deal had become dangerously lopsided in favor of organized labor and against management. They say, these associates, that he entered the White House determined to bring about a more equitable balance, whatever the political consequences.

## No Encouragement to Class Warfare

In the first nine months of his administration, President Truman never once made a public statement likely to array class against class.

Where Roosevelt had been criticized for refusing to delegate authority, Truman was sniped at for delegating too much. This was an oblique way of saying that he sidestepped decisions—a curious charge in the opinion of the President himself. He has read the lives of most of the Presidents, but he knows of no one who ever faced such a terrible decision as he had to make in ordering the first atomic bomb dropped on Hiroshima.

In contrast to the Roosevelt Administration, which used to be lambasted for its “brain trust,” the Truman Administration has been chided for a shortage of brain power. The point is well taken.

The situation has been accounted for by two things: (1) the President's deep sense of loyalty which keeps him from dismissing men with shortcomings, and (2) the growing difficulty of persuading able men to stay in government service or to come into it.

This latter difficulty may be illustrated by a situation existing in the White House itself. Under the law the President is entitled to six Administrative Assistants, all \$10,000-a-year jobs. As 1945 drew to a close, three of the six posts were vacant. The kind of men Truman wanted could not be found; there were too many attractive opportunities outside the Government.

Judge Sam Rosenman, brought to the White House by Roosevelt as his counsel, wanted to leave after the death of the War President. Mr. Truman persuaded him to stay. In the ensuing months, Rosenman was Truman's No. 1 adviser and speech-writer. A warm friendship, marked by deep mutual respect, developed; but in time Rosenman felt impelled to return to New York to a private law practice and the probability of \$100,000 a year in fees.

The trek away from government service has extended even to Capitol Hill, where such House veterans as Ramspeck of Georgia and Woodrum of Virginia have given up their seats to take outside jobs at better pay.

President Truman doesn't blame these and others for thinking about themselves and their families. Yet he wonders if it isn't time that Americans in general start listing government service as one of their obligations.

One of the controversies that centered on

Mr. Truman appears now to have died down. This was the question of where he stood politically; that is, whether he was to the right or the left. The answer, of course, depends on what is center.



One thing is certain—President Truman is to the left of Congress. But the present Congress is the most conservative legislative body in the world today. That is one reason the President has had such difficulty in getting Congress to act on his domestic legislative program, a program four-fifths of which he inherited from Roosevelt.

Another reason—possibly even more significant—is that Congress has been uncertain of itself. The Senators and Representatives have not been hearing from the folks back home as they did in other days. President Truman is aware of this and it helps explain why he went to the people on January 4 and asked them to prod Congress into action.

It has been said that President Truman is not the skillful politician that FDR was in dealing with Congress. That is true, undoubtedly, but anybody who believes that Roosevelt could have done better in pushing through, say the original full employment bill, has another thought coming. At least that's what they say on Capitol Hill.

## Campaign Battle Is Under Way

The battle for control of the next Congress, which will be fought out in the off-year elections this autumn, already is under way. This is evident from the goings on at the Republican and Democratic national headquarters.

The essence of the Republican argument, in so far as it affects President Truman, is simply that he is not big enough for his job.

Yet the Republicans make no effort to dispute the findings of political writers who travel about the country. These say that Mr. Truman's popularity is still high, and that the rank and file of Americans feel that he is doing the best he can.

Postmaster General Robert Hannegan, who in political campaigns believes in “running scared,” hasn't abandoned that slogan. At Democratic headquarters no attempt is made to hide the feelings of apprehension over the '46 elections. If, say the strategists there, that hurdle can be cleared, 1948 will take care of itself.

A practical gentleman in the Democratic Party has put it this way: “If conditions are good in '48, nothing can stop Harry Truman; if they are not, nothing can save him.”

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studies show that generally local and state taxes on manufacturing industries are only a small fraction of gross income.

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# The Month's Business Highlights

**D**ESPITE strikes, unwillingness to work and uncertainties in the domestic and world situations, American business in the first quarter of 1946 has the bit in its teeth and seems determined to go places. This is in decided contrast with a tendency to drift in the earlier stages of reconversion.

The situation has been made more difficult for business because of the tendency of political leaders to yield to contradictory pressures. They are trying to eat cake and have it, too. They want to raise wages without raising prices. They want to reduce taxes and combat inflation. They want to remove controls. They want to organize international cooperation but at the same time demobilize the armed forces, which diminishes world influence. Those who rattle the saber and who boast most of our strength are demanding more speed in mustering out the trained fighting forces.

## Pressure for Higher Wages and Prices

Nothing is more disagreeable to the politician than to take a stand against wage increases and price advances. A courageous course in such matters offends powerful minorities. Instead of a courageous, hard-boiled attitude that the present situation demands from public officials, those problems are being met with Ladies-Aid-Society pleasantry. Little can be accomplished by yielding to contradictory pressures.

Regardless of all the talk to the contrary, the fact is that wage increases beget price increases. Each price increase leads to another because nearly every single product is a component of another product. That starts the vicious cycle. Piecemeal moves are disastrous in an economy where everything reacts on something else.

## Our Need is for More Goods

What we have is a shortage of goods and an excessive supply of money. Nothing should be done to increase the supply of money. Every effort should be concentrated on increasing the supply of goods. Waves are beginning to appear on the surface of the \$28,000,000,000 money-in-circulation pool. A storm may be brewing.

The situation is appallingly complex and difficult and cannot be met simply and easily or by trying to please everyone. Public officials might



find that the best politics would be to forget politics. Politics has become little more than a collection of special interests and pressures.

Usually the stronger pressure groups are those that need least consideration. The paramount duty of government is to look after the interests of

the unrepresented—the consumer, the unorganized workman, the independent business man. They constitute the groups that do not have adequate spokesmen. To disregard them because they do not assert themselves politically is to break faith with duty.

## Business Shows Its Organizing Ability

Figures show that the well-known capacity of American business and industry to organize its work has had results. Reconversion has proceeded faster than had been expected. It has been spurred continually by the demands of the public. Unemployment is far under last year's estimates.

Service industries are gathering momentum more rapidly than had been anticipated. Raw cotton is moving into consumption faster than was estimated. The electrical manufacturing industry is stepping out in the forefront of peace production. If plans for the manufacture of air conditioning equipment are realized, that industry will provide, directly and indirectly, a large amount of new employment.

Scarcities of goods in nearly every form make conditions ideal for business expansion. Small manufacturers particularly are yielding to tempting incentives to produce as much as possible.

## Employers Seek Lasting Agreements

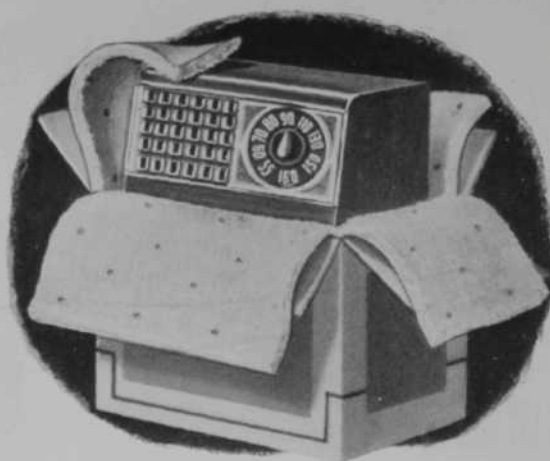
Some employers have welcomed a showdown with labor at a time when the self interest of the entire public causes every move to be watched and appraised.

The disposition of employers has been to get final settlements rather than compromises or patched-up peace deals. The new year has brought greater incentives to both management and labor to strive for agreements and for production.

Business concerns generally are planning for expansion rather than for contraction in their operations. A perusal of current advertising is all the proof needed that business and industry expect to have much to sell or they

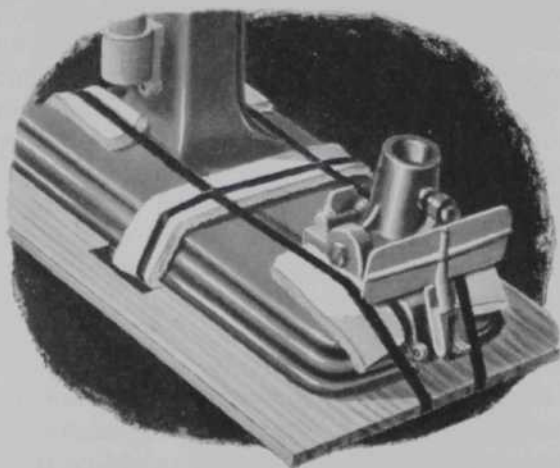


# Kimpak<sup>\*</sup> Float Packaging



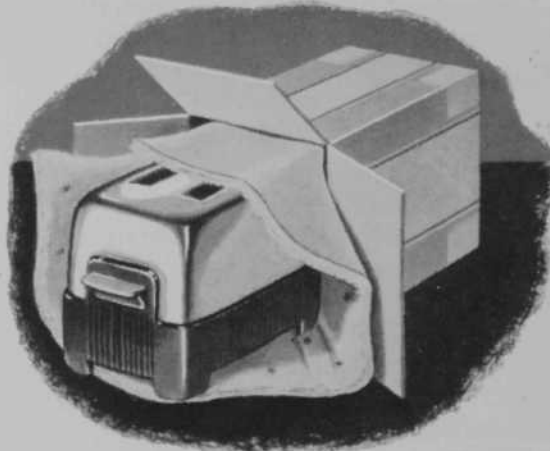
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Business always receives a psychological lift when taxes are reduced. The beneficial effects of the "transitory" revenue act are now fully apparent.

Regardless of the fact that most presidential messages are New Dealish in flavor, business continues confident that the attitude of the Administration is more friendly than was that of Mr. Roosevelt.

### Few Workers for Harder Jobs

Unwillingness to work has retarded recovery in some industries. This has been particularly true on the less pleasant jobs and those involving routine work. Examples are the foundry, lumber and textile industries. It is true of some construction jobs. Those four industries have provided the greatest difficulties with which the Civilian Production Administration has had to wrestle.

This attitude on the part of workers is understandable and it is changing. Boys out of the army deserve a long vacation. Labor released from high salaried war jobs has taken off some time to relax and spend some of the money saved. That tendency, however, has accentuated the inflation problem. Large numbers of persons were spending their savings and at the same time were not producing goods.

The seasonal drop in retail sales will not be as great in the first quarter of '46 as usually is the case. While retail trade was at record-breaking high levels in the last quarter of '45 the increasing flow of durable goods, such as refrigerators, washing machines and furniture, will bolster business in the first quarter of this year. The total flow of non-durable goods will continue to increase. Shortages in men's clothing are expected to persist throughout 1946 but there will be more of the things women buy.

### Price Control May Be Extended

The fact that the President had to reverse himself on building materials control and the skyrocketing of prices of some of the items on which controls were removed leads to the belief that price control will not end on June 30. Suggestions that price control end early this year are being characterized as highly impractical and unrealistic. It would allow a wide range of price advances which would not increase output.

Facing the Administration and the country still is the problem of paving the way for consumption at a constant rate. The No. 1 difficulty continues to be the prevention of deflation, once the keen edge of demand begins to dull and the vacationists all begin looking for jobs. At present, however, no deflationary spirit exists among the people. The psychology of the country is one of

production. A tremendous volume of goods is being produced.

Executive branch officials are not impressed with arguments against fact-finding. It is hard for either labor or management to make a case, in that connection, which impresses them. Congress passed the Securities and Exchange law, which went fairly far in revealing business secrets.

Some officials want fact-finding that will support a case against a pattern of wages that discriminates against small industries. Big, low-cost industries may be able to pay wages that small competitors cannot meet. That could mean discontent and a future high turnover of personnel.

In similar fashion these same officials are not entirely out of sympathy with the National Labor Relations Board's decision in the foremen's case. There is a feeling that some executives try to supplant adequate compensation for their satellites, large and small, with titles that carry prestige and an appeal to their vanity. Officials generally fail to see why minor luminaries such as foremen should not look out for themselves.

The attitude toward management in the executive branch is vastly different from what it was in the '30's. Even the left wing, once so anxious to pillory industry, no longer is hostile. The reason is that radicals realize that the performance of American business and industry during the war has won for it a high place in public esteem.

### British Loan Should Prove Helpful

The credit to Great Britain is certain to stimulate American business and be an incentive to world recovery if, as she has pledged, Britain joins in a world trade conference to liberalize multilateral trade and amend former restrictive practices.

Without a functioning England, world trade would require an immense amount of adjustment. Had the loan been withheld the British would have had no alternative but rigid exchange controls and the expansion and intensification of Imperial preferences. Blocked sterling probably would have been handled in a way that would have been very inimical to the interests of the United States.

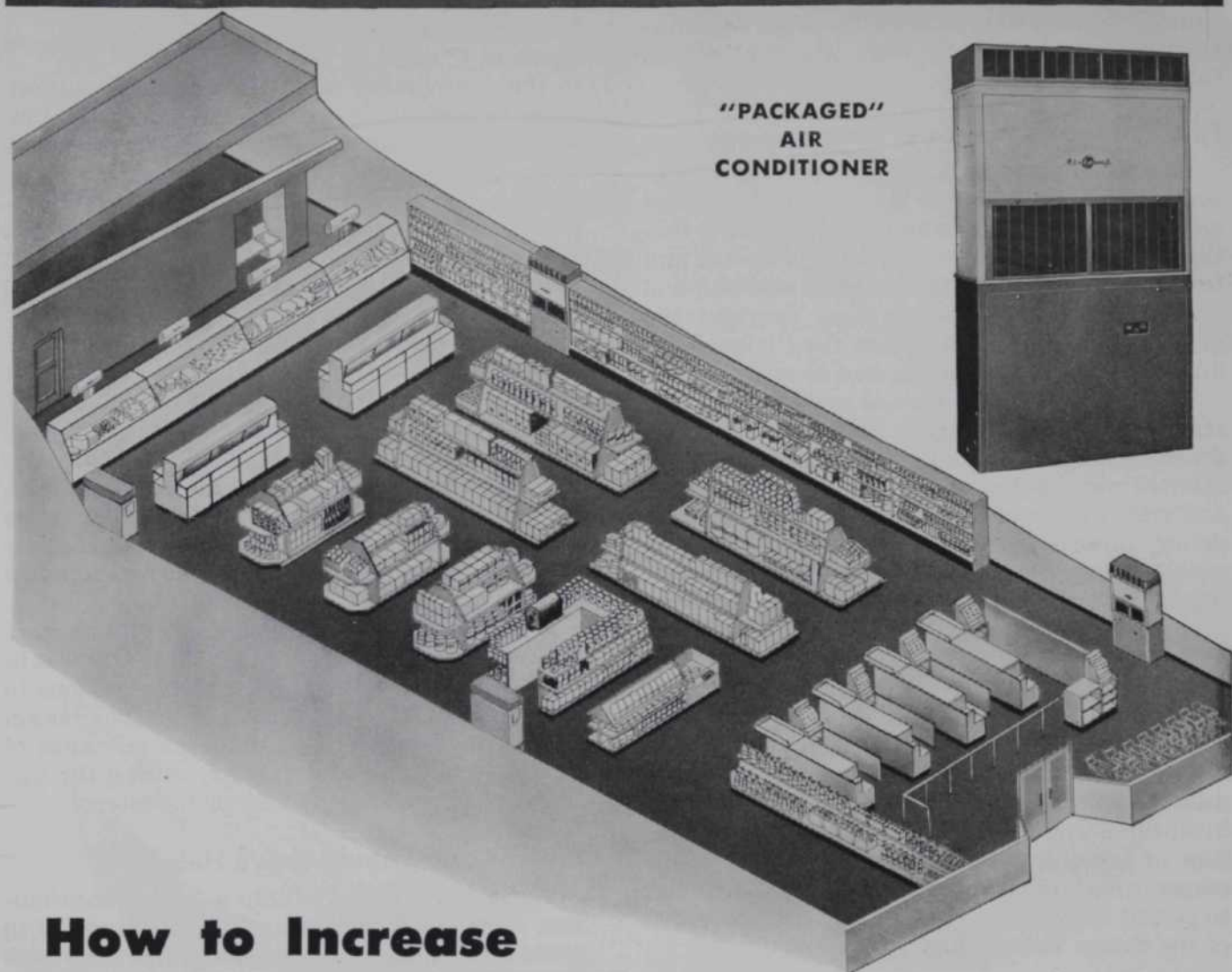
The loan will help promote the free flow of funds from one country to another. It helps the world get on its feet without resort to barter and bilateral agreements. In all, it seems like an outstanding achievement in the interest of business and industry here and abroad.



OF THE NATION'S BUSINESS



# CHRYSLER AIRTEMP



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# Let Money Make Money

By EMIL SCHRAM

President, New York Stock Exchange

**W**HAT we Americans want is production to create an ever rising standard of living. Our wants and ambitions are unlimited. We want the satisfaction of gratifying them.

Our traditional procedure is to reward without limit those who make that gratification possible. For a while, it is true, we dabbled with a change in political philosophies. We listened to those who recommended "redistribution of wealth"; who told us that men of wealth were "malefactors"; who urged that everyone should have so much and no more, regardless of his contribution to society.

Today, after a period of perplexity and confusion, the American people seem to be reaffirming their faith in our free institutions.

Certain aspects of extreme radicalism which caused alarm during the difficult

**ONLY BY investing capital  
can new jobs be created. It  
takes, on the average, about  
\$7,000 to make a single job**

1930's are disappearing. Those people who desire to make America over are slipping into disrepute.

This is not surprising. When bank deposits rise as they have recently; when circulating money in the public's possession rises as it has; when 85,000,000 or more persons have become owners of government securities—not to mention the substantial increase in the number of holders of corporation securities; when the vast bulk of our population is fully employed, most of them at good wages; when our farmers are prosperous and either free of debt or with their debts greatly reduced, we actually have an increasing number of "capitalists."

Notwithstanding this, however, there are still those who contend that the days of large private investment are over and that collectivism is inevitable. They are still fanning the sparks of the lingering animosity against the investor, encouraging the attitude among workers, "I do the work and he makes the money."

The next six or seven months of continued reconversion from a war to a peace economy and the atmosphere in which we proceed will



McMANIGAL—EWING GALLOWAY—KENNY





BETHLEHEM STEEL—UNDERWOOD & UNDERWOOD—KENNY

be tremendously important in determining which philosophy we will adopt.

If the incentive of unlimited opportunity is permitted to operate, the American way of life will perform miracles as great in peace as in war.

If, on the other hand, we tell men that they must earn just so much and no more, if we advance farther in taking from the prudent and productive to maintain the improvident and the indolent, if we teach that idleness is a virtue and work is a curse, if we cultivate jealousy toward the successful, and if we encourage those who fail to remain failures, we shall weaken the moral fiber of our people—and the American way of life will decay.

Although that decay will fall hardest—as social decay always does—on the worker, it will manifest itself first in our treatment of the investor because the American investor or enterpriser, no less in 1946 than in 1800 when a few valiant men were beginning to fashion an American industrial framework, stands as a symbol of free economy.

The investor's appearance is multiform. He is a man with a farm which is his although it may not be entirely paid for. He is the own-

**IF THE potential investor is browbeaten, his money will stay locked up and our American way of life will decay**

er of a machine shop who hopes, and backs his hope with hard labor, to enlarge that shop into a factory. He is the proprietor of a retail establishment with a single display window who dreams of owning a department store. He is the driver of a motor truck who thinks of it as the first piece of rolling stock of a transportation system. He is a man who entrusts his savings to another with an idea.

From such men who dreamed dreams and worked intelligently to make them come true has come our heritage of industrial power and our unsurpassed standard of living. Our corporations are only combinations of multiple proprietors. Every corporation, large or small, had its genesis in an idea, a driving ambition and a little capital.

A study of the several hundred corporations which have listed their securities for trading on the New York Stock Exchange makes that clear. Whenever a new listing application comes before the Exchange, it is a matter of satisfaction to trace back over the history of the issuing company and find—in nearly all instances—that its beginnings were small indeed.

Not long ago a listing of stock was applied for that gave the Governors of the Exchange a genuine thrill and a deep sense of pride in American accomplishment. The company, today one of the largest builders of Diesel engines, was launched literally with one horsepower. The two proprietors, a couple of farm

(Continued on page 86)



# Loopholes in Election Laws

By ALEXANDER WILEY

U. S. Senator from Wisconsin

**POLITICAL** campaigns, in spite of congressional intention, still involve practices which, though within the law, are unfair to the voters

"**S**AD as it may seem in this democracy of ours, Congressmen must be greased, that is, wined, dined and bribed for their votes, and they can be—very effectively. This greasing process costs a tidy sum with every session of Congress. That is what your dollar goes for."

The dollar referred to in this quotation was the political assessment on each member of the United Automobile Workers Union in the 1944 election.

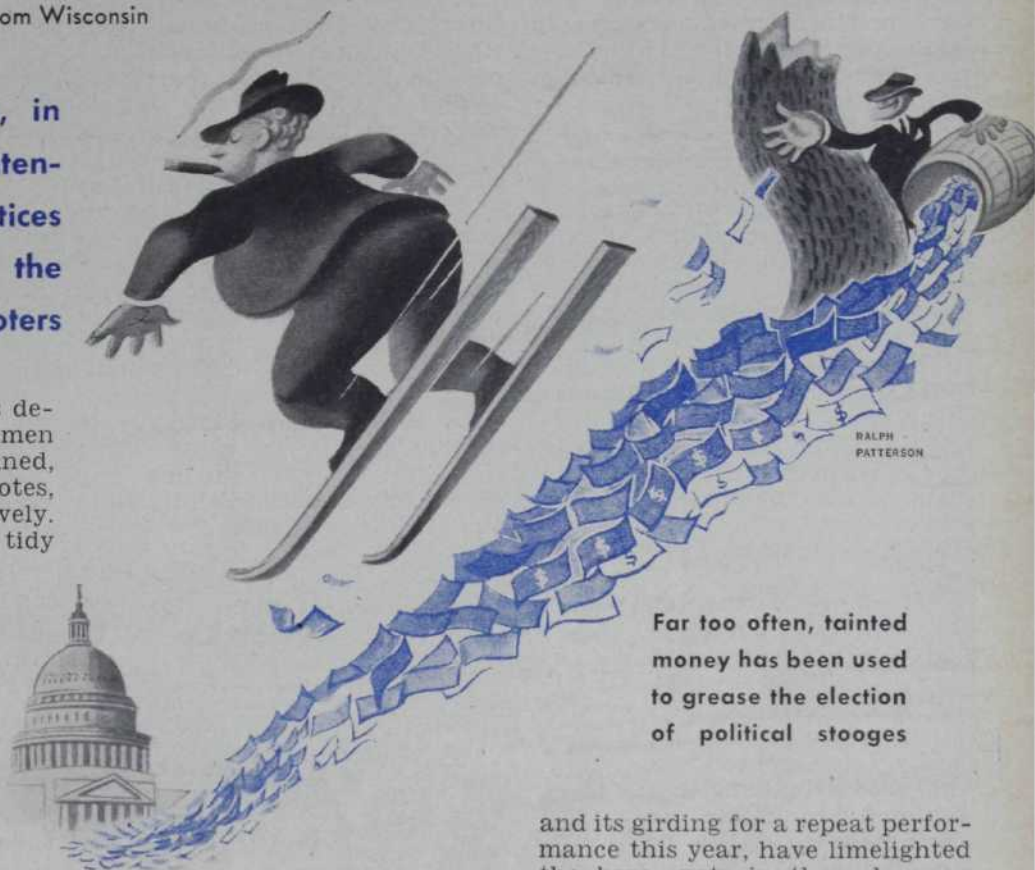
The quotation itself is from a letter signed by William Booher, financial secretary of UAW, Local No. 2. It was sent on July 6, 1943, to union workers in Fleetwings, Inc., Bristol, Pa.

The letter is in the record of the Senate Campaign Expenditures Committee. It was written to inform CIO members why they were being assessed \$1 per head for the Political Action Committee's campaign chest. Its writer's ambition was apparently not only to fill the congressional seats but to make them pleasant and profitable.

With the first guns already booming in the 1946 campaign, the threats of "greased" elections again demand the voters' attention.

Though Sidney Hillman, chairman of PAC, after a consultation with its counsel, John J. Abt, denounced the letter as "stupid, unfair and untrue" when it was produced at the committee hearing, nevertheless it indicates a kind of thinking that has no place in a democracy.

Political assessments, the action which this thinking purports to justify, deserve the clear-headed, unbiased consideration of every



Far too often, tainted money has been used to grease the election of political stooges

American. The subject is larger than its union aspect. It also affects individuals, partnerships and corporations. Its potent influence on elections strikes at the very roots of our concepts of republican government.

## Slush money in elections

EVERYONE knows that American elections often have been cursed by the use of slush funds—money employed for personal bribery or corruptive propaganda. Far too often, tainted money has been used to grease the election of political stooges. The very use of gigantic sums of money by any one private source to steamroller an election is an action which sticks in the average American's craw.

Various federal and state laws to limit the use of slush funds in elections are on the books. Loopholes and weasel words are so plentiful in them that a steamroller and caravan of political workers can drive through. The large-scale activities of PAC in the 1944 election

and its girding for a repeat performance this year, have limelighted the bare spots in these laws as never before.

Preventing election abuses is the supreme challenge to lawmakers. On one side is the need for an aroused electorate, an essential for democratic government where every citizen is free to express his opinions and to participate in choosing officials. For that reason, we, who are eager to amend the present laws and plug their loopholes, must be careful that we do not infringe on the freedom of speech which is the right of every worker, of every group and of every organization. The obligation of Congress and legislatures is both to prevent such extravagant use of money or other pressure that individual citizens are denied an equal voice in elections and to require publicity so citizens will know what interests are providing the money and arguments. For half a century, Congress has been trying to meet the challenge.

A brief review of past legislation clearly shows that the present federal election laws are more like scattered posts which can be avoided than a solid barrier



against slush funds and pressure groups.

Congress became sufficiently aroused in 1909 to make certain election practices of that gaslight era amenable to the criminal code. That was in the happy heyday when corporations boasted of carrying state legislatures and senators in their vest pockets. In 1910 Congress passed another law requiring publicity of campaign expenditures.

### Prohibits some contributions

THE present Corrupt Practices Act was not enacted until 1925. In addition to enforcing publicity of collections and expenditures for "elections," it limits the expenditure by a candidate for Senate or House of Representatives to \$25,000 and \$5,000 respectively, unless his home state fixes a lower limit. It also prohibits "contributions" by any corporation or national bank to a candidate campaigning for a federal office. The words in quotations chart the loopholes.

The only substantial effect of the Hatch Act of 1939 is to bar federal civil service employees from political activities. Its other restrictions are easily side-stepped. It limits contributions to a national candidate or committee to \$5,000 by any individual, corporation or organization. It generously fixes \$3,000,000 as the limit for contributions to, or expenditures by any one national political committee. State or local committees or organizations are specifically exempted from any limitations.

The Smith-Connally Labor Disputes Act which followed on June 25, 1943, added labor unions to the corporations and national banks which are banned from contributing to national elections.

The ban on political contributions by corporations, banks and trade unions serves the worthy purpose of protecting an individual stockholder or member from the use of funds, in which he has an interest, for candidate or political parties which he does not support. That is a broad principle of safeguarding investments in which political activity is only one incident.

More pertinent are the loop-

holes in the election laws. In brief, they are:

1. These federal laws apply only to presidential and congressional elections. They are not concerned with state or local elections.

2. They do not prohibit expenditures, labelled "educational" activities though their practical purpose may be to elect particular candidates. Any activity to promote wider discussion of national issues must be encouraged but it should not be given a fanciful label to avoid the election laws when its purpose is purely political.

3. Also, as the acts are largely concerned with cash expenditures, they are ambiguous in evaluating many possible services by individuals, corporations, unions or other organizations which are in contravention of the spirit, rather than the letter of the law and which may be more helpful than money in a campaign.

6. Though the Hatch Act limits the contribution of an individual, corporation or organization to \$5,000 in a primary or election campaign, an unlimited number of individuals in the same family or groups can each contribute up to that amount.

7. This can be varied by organizing campaign committees under different names, each of which will be eligible for a separate \$5,000 contribution from the same individual or organization.

8. As the latter may encourage campaign chests which tried and true party wheelhorses will not control, the Act thoughtfully includes a detour sign by exempting state and local committees. Though a \$3,000,000 limit is set for a national committee jackpot, each regular state or local committee, as well as any committee organized for a particular campaign, can collect and spend to or even above the same limit.

9. The Smith-Connally Act, while bringing labor unions into the fold, did not close any loopholes in the previous acts.

These loopholes were not new but it remained for the Congress of Industrial Organizations to go through them in a big way and with all the fanfare of an old-time torchlight parade on a national scale.

Two weeks after the Smith-Connally Act became effective, CIO's executive board organized the Political Action Committee and charged it with the task of conducting a program of "political education." Within a short time, PAC was to demonstrate the clearest object lesson of the flaws in our election statutes.

Its spending in the 1944 campaign gave America a preview of still more distasteful slush-funding to come in the 1946 and 1948 elections. How true that preview was could be seen in the 1945 mayoralty election in Detroit when PAC put on an unsuccessful campaign to elect a UAW Vice President, Richard Frankenstein, as Mayor. The exact sums PAC spent in Detroit are unknown but it is known that, during the 1944 Fourth Term Campaign, \$647,000 of funds from union treas-

(Continued on page 97)



4. The Corrupt Practices Act applies only to elections and not to the party primaries where candidates are nominated, which is equivalent to election in many states, or to the selection of delegates to national conventions which draft party platforms and name candidates.

5. While the Act prohibits certain contributions to a candidate, it does not prohibit expenditures by the same organizations in behalf of a candidate.





SIGNAL CORPS PHOTO

Tension was relieved when Secretary Byrnes and Molotov came to agreement in Moscow, but many problems remain to be solved by lesser lights



# The Russians Are Tough

By EDWIN WARE HULLINGER

IN THE DAYS of the Czars, the maneuverings of Russia's diplomats provided a sizable proportion of the nightmares that troubled the Foreign Offices of Western Europe. There was a saying that you never knew what a Russian diplomat was going to do and you never felt too sure what he had done when he did it.

From the Steppes, the Slav envoys brought a wealth of Oriental wile which they combined with a Parisian Court smoothness that kept their western European opposites guessing. Even when minds met, the Westerners often had a lingering uneasiness as to just where the meeting took place.

Members of today's "proletarian" diplomatic corps are different from their aristocratic forerunners in psychological background. Many—although far from all—of their objectives are different.

But they are bringing to the council tables bags

**BASICALLY** the Soviet's interests and ours need not clash but the Russians know what they want—and they know how to drive a shrewd, hard bargain

full of diplomatic techniques which are proving quite as formidable as any their predecessors ever possessed. More powerful in some ways. Their Government controls a land area beyond any ambitions of the czars and is the actual head of a world-wide political movement which can be and is used for pressure purposes when desired.

Unquestionably, the Russians' methods, such as they are, have injected a new element into this country's foreign relations, and have figured definitely in the many ups and downs that have characterized



Washington's interchanges with Moscow. They are a factor that should be considered in any appraisal of the meetings between the two powers, both those of the past and the many to come, as the varying differences of policy are slowly worked out. And they probably have contributed to the feeling of instability and apprehension regarding Russia that prevails in many parts of the United States, a feeling that even the recent Christmas good will meeting in Moscow did not entirely dispel.

With Stalin at hand, only a few blocks from the conference room, to O.K. satisfactory deals when the bargaining had reached the final shake-down, the conference managed a potentially important assent to a United Nations control commission for the atomic bomb. The fact that the Russians reportedly consented to inspection by the United Nations would seem to indicate a notable advance, at least for the time being.

The other items in the Moscow agreement had a tolerably Russian accent throughout, although they included a few concessions to our ways of thinking. The complicated international control scheme for Japan may not be too easy to make work, although MacArthur seems to retain quite a little authority. Korea will be administered jointly—probably for five years, to the Koreans' intense disappointment—by Russia and the United States; then it will gain independence. Chiang Kai-shek got a pat on the back.

In Europe, Russia's influence in her Balkan security zone was taken for granted, with recognition for all other puppet governments promised when

they are "liberalized" a bit more. For the peace conference, Byrnes' compromise, proposed unsuccessfully the last minute at London, was accepted in substance, the Big Three to do the preliminary work and make all final decisions, as the Kremlin wanted, but the other European belligerents having a chance to offer suggestions about possible changes. In the case of Italy, France will help draft the treaty.

However, many long-range problems remain to be solved—problems, for instance, relating to reparations, the re-establishment of a central German government, western boundaries of Germany, peace treaties with the Axis satellite states, the troublesome Turkish and Iranian questions.

### Russia too hard to please

CERTAIN it is that Russia's obdurateness in many spheres since the Armistice has left a sour taste among many well-wishers of Russia and among independent rank and filers in this country. One result has been a growing feeling of fed-upness—manifest on Capitol Hill and in the national press and radio—at a time when it is highly important that all the Big Three work together continuously in forging the new world.

A recent instance was the Capitol hullabaloo which for a time threatened to block passage of the UNRRA bill, rising from the fact that the Russians have maintained a news blackout over so many of their areas of operations for so long.

Some of the ardent pro-Russians on the Hill now admit, off the record, that "concern" over Russia's "stubbornness" is mounting in both House and Senate, a circumstance that could mean a snag when



PLANET FROM BLACK STAR

To deal successfully with the Kremlin, the negotiator must not only be truly friendly but must know his facts, be not easily fooled, and have the power to make good on his promises



future credits to Russia—needed to bolster general world recovery—come up for action.

Whenever the Slavs get one of their “no can do” moods these days, there is anti-Russian pressure on the State Department and White House, both from Capitol Hill and the press and radio.

However, as is often the case, things are not as bad as they seem. As a matter of fact, not all our deals with the Russians have been one-way affairs. Moscow has yielded to our desires a number of times, in part, and sometimes completely, as in the case of Argentina's admission to the United Nations at San Francisco.

The one-way picture in American public opinion comes partly from the circumstance that the deadlocks usually have been prolonged and dramatic (one aspect of the Russian technique). Also the points under discussion often have been issues—such as democratic methods of procedure in conquered lands—that are heavily polarized with emotion from the viewpoint of American popular thinking.

Again, some of the reverse traffic—things the Russians have done for us—such as the important exchange of weather data during and since the war; the consent at Yalta for us to use Siberian air bases against the Japs; some reverse Lend-Lease—escaped general publicity owing to war secrecy or the greater brilliance of other news developments at the time.

Looking ahead, there seems to be no grave necessity for a clash. Russia's commercial interests do not clash with ours.

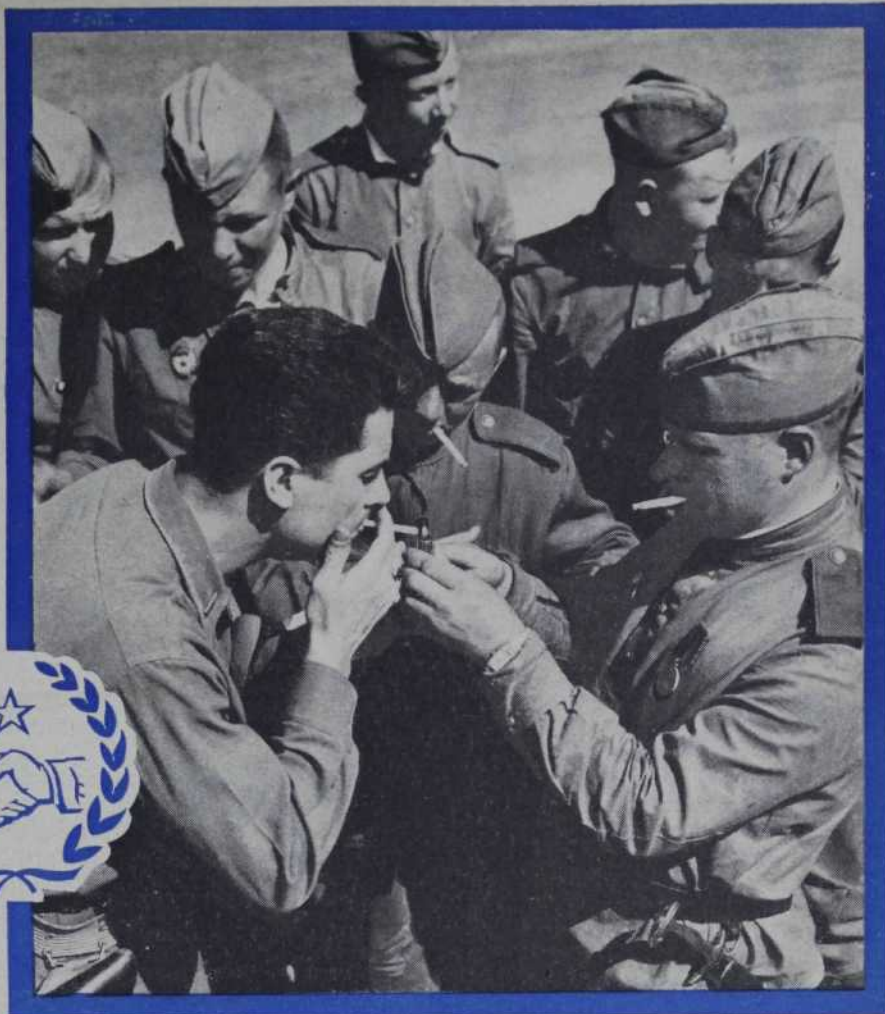
Most of the postwar crises between us have come from the Soviet's policy of building a “safety zone” around Russia, leading to a sort of Russian-sphere Monroe Doctrine—which they consider necessary to their security—and from differences in national psychology and ways of doing things.

The “security” objective isn't quite attained yet—that's one reason to expect more earthquakes—but its accomplishment isn't too far off. The Soviets probably cannot be stopped before they reach it, without using force. There is a good chance of our getting to understand the Russians sufficiently—and of their understanding us—so that both can avoid offending the other to the point of blows. Moscow seems to understand as well as Washington that war isn't to the advantage of either of us—especially on an atomic bomb basis.

### Negotiating is a nerve-wracking job

THE JOB of negotiating with the Russians is no assignment for a person whose nerves need rest—or for anyone with a less-than-iron digestive system.

Things usually begin quite pleasantly. Whether in Washington, London or Moscow, the Russians



SIGNAL CORPS PHOTO

**Russian soldiers enjoy our cigarettes and are like us in many ways—but their national psychology differs vastly from ours**

habitually are very hospitable. Their banquets are gay and end with an almost superhuman series of liquid toasts. Personal relations are likely to be on the pleasant side throughout. At the London Foreign Ministers' conference, and occasionally elsewhere, retorts got snappy a few times but, for the most part, American delegates have found their “opposites” personally delightful. Russians are likely to be that way, as individuals.

In the conference room, American delegates find themselves facing the hardest bargainers and the most relentless pressure system they ever have faced. The pattern is the same, on all levels, with the exception, of course, of the intimate meetings of the Big Three.

At the first session there is an affable mutual statement of the views of the two governments, and an adjournment to meet in two days, when both groups point out differences in the two positions. Our people suggest ways of reconciliation—that is, we did in the earlier days of our innocence—and the Russians promise to “take it up with Moscow.” After two more days, the Russians return to reiterate, word for word, their original statements. Everything has to be translated—which takes time—although most of the delegates speak fluent English socially.

One of the objects seems to be to consume time. That is a necessary element, since, otherwise, Moscow will think its envoys hasty, and insufficiently  
(Continued on page 102)



# We Can Stop Inflation

**I**NFLATION is here. It has been here for a long time. The dollar is still the soundest medium in the world. That is saying exactly nothing. Inflation is not being controlled and cannot be controlled. The immediately devastating effects of inflation only seem to be controlled. They are just being postponed or diverted. These controls are not on the dollar. They are on the economy of the nation. No law on the statute books, no bill in Congress, no policy of the Administration or of either political party, and no policy as yet proposed by any of the great associations of business men even touch the source of inflation.

Many—perhaps most—of the policies advanced as cures for inflation cannot do more than make the disease more malignant. As a nation, we stand between a runaway inflation, which will wreck all money values, and a new social

**AS LONG** as the public debt is held by the banks it will continue to make for printing press money and threaten the security of our financial system. The answer is to fund the debt before it becomes unmanageable

system, which, while pretending to preserve money values, will wreck all real values. We think we are temporizing. We are not even doing that. We are just playing the fiddle as the smoldering fire bursts into flame.

That is a strong, uncompromising statement, but it is not thrown out as a scare. It is a simple statement of fact. True, our inflation has not reached the point where it takes a basketful of money to buy a loaf of bread as has happened in the past in other countries but we are setting up condi-

tions under which that kind of inflation results and it is time for us to recognize that fact.

We can now take steps to avoid the worst consequences—perhaps avoid some of the bad consequences. Half the battle—what might be called the “psychological battle”—will be won by a calm understanding of what is now happening.

## Bogies of inflation and deflation

THERE is no point in using the words “inflation” or “deflation” to designate bogey men to be exorcized by new rituals expressed in new laws. The procession of officeholders through the committee rooms of the Congress and across the radio and other public platforms, solemnly testifying that this or that action is inflationary or deflationary, would be a little funny were it not that most of these people believe what they say and have in their hands the making of public policy. They do not know and cannot be made to know that they are talking nonsense.

The public insists on being kidded and has no patience with anyone who will not kid it. It likes to think of it all as a game and that there is a “line” which can be held. It prefers to be told that our enormous bank deposits and mountains of hand money are stores of purchasing power rearing to go and that the great problem ahead is the not unpleasant one of getting customers to line up quietly and not create a disturbance by trying to buy out of turn.

The settled conviction seems to be that we are too smart now to be caught by anything as crude as inflation or deflation. It is being pointed out every day that, for the first time in our history, we have

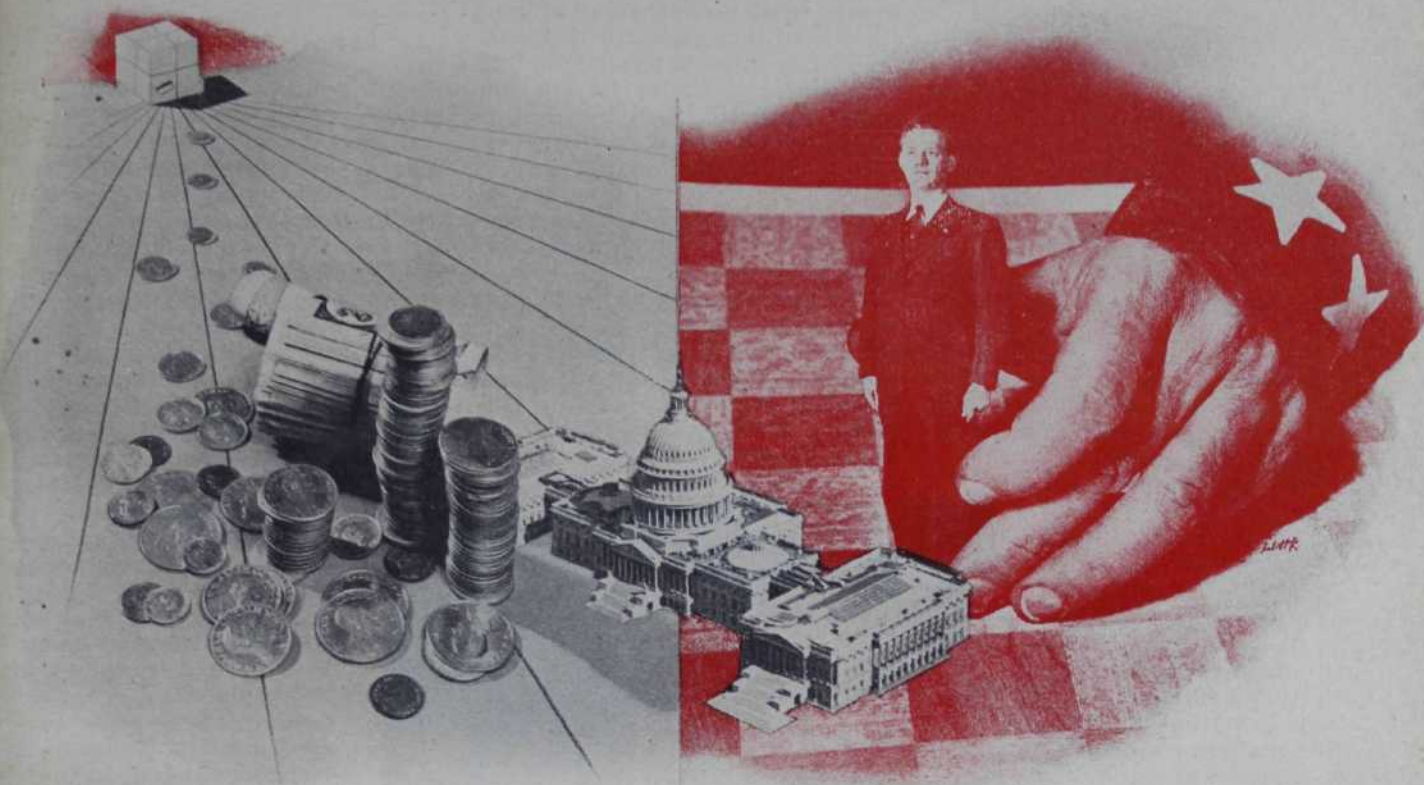


The dollar is still the soundest medium of exchange in the world in spite of bond drives and propaganda



# -NOW

By SAMUEL CROWTHER



the money, the tools and the men to achieve full employment—which is taken to be the same as full prosperity—and that the task ahead is to hold these forces in delicate adjustment so that never again shall we have depression and unemployment.

That is not the whole picture. Some of those who are talking loudest about the wonderful days ahead are quietly buying real estate, jewelry, paintings and antiques and many of them are using cash. The head of a famous art auction house reports that, where a few years ago three-quarters of the buyers were known to him and bought on credit, the situation has reversed and now most of the buyers are unknown to him and pay cash. The Curb Market, dealing in low-priced issues, has zoomed from around 100,000 shares a day to upwards of 2,000,000 and on the Big Board the low-priced shares are very active. The "smart money" is not only trying to protect itself, but also to pick up a few shekels on the way.

But the plain citizen is confused

**As a nation, we stand between runaway inflation, which will destroy all money values, and a new social system**

—and this includes the men who manage great affairs as well as the men who manage little affairs—because he is not accustomed to bothering about the value of the dollar and still takes any questioning of its validity as bordering on treason. This confidence in the dollar has not been engendered by the war propaganda, the bond-selling campaigns or by the rigid censorship against telling the facts of our national fiscal program. The faith arises out of the strength of the dollar in spite of all it has been through.

## **We have faith in the dollar**

THE bank crisis culminating in the closing of the banks on March 4, 1933, was evidence of a nearly complete lack of trust in the banks, but this distrust did not extend to the dollar and the people in their hoarding made no distinction between silver certificates, which can be redeemed only for silver, gold

certificates which were warehouse receipts for gold and Federal Reserve notes which had only a 40 per cent gold backing.

There were loud cries about inflation when President Roosevelt was given the power to issue up to \$3,000,000,000 in greenbacks; there were further cries about inflation when the President devalued the dollar, put all our money in the greenback class and announced he was going to rig prices by dollar manipulation and so on through the era of wholesale relief payments which later became known as pump priming. These largesses of money were provided in a large part by borrowing from the banks—which, as will be shown, is just a way of printing greenbacks—but, in spite of the prophecies of responsible financiers, we did not have inflation in the German sense of runaway prices and collapse. Since then we have had the colossal spending of war and still the dollar seems to be pretty much



what it used to be—although it is not.

The reason for not seeing what is plain to see is that the national financial picture is being held upside down. That is why effects are being taken as causes and are gravely discussed in a new jargon invented for the purpose.

Rising prices are by no means always evidence of what is called "inflation" or falling prices of what is called "deflation." In a free economy, price and wage swings are signs that production is progressively adjusting to the demands and capacities for better living. Monetary factors may not enter. Only a dead economy has a dead price level. A debased money will not always cause a rise in prices. In countries where there are several kinds of money, it is customary to quote prices in gold or silver and to take the paper money at a discount.

But a notion amounting to an obsession has spread through the United States that any factor which raises prices produces inflation and that, if prices can be held at a level, we cannot have destructive inflation. A runaway monetary inflation is not a price phenomenon but a consequence of money debasement. The cause of our present inflation is the size, character and holding of our national debt.

### Credit money

THE situation is not difficult to understand and requires no trained thought or economic background. The one fundamental fact to grasp is simple and yet it seems difficult for most people. It is this:

The money we principally use is the bank deposit and the Federal Reserve note. Both of them are created by our commercial banks through extending credit to borrowers. The process is without mystery or legerdemain.

A bank does not lend money in the fashion of a pawnbroker. It lends credit. When you borrow \$1,000 from a bank, you give a note. The bank then credits your deposit account with the amount of the note less discount. Thus, the bank deposits of the

country are up by \$1,000 and so are the bank assets.

The borrower may check out his deposit, and the amounts his checks call for become deposits in other banks. The original borrower or those to whom he pays money may want to use hand money—that is, bank notes instead of bank checks. In that case, the depositor presents a check to the paying teller and asks for money. He will then receive, according to his desires, Federal Reserve notes, silver certificates or small change. The bank has gotten this hand money by drawing a check against its reserve account in the Federal Reserve bank of its district.

The law requires that a member bank of the Federal Reserve system keep with its Reserve Bank an account called a reserve, which must not fall below a certain percentage of the member bank's deposits. The reserve account is built

the country. Of the \$27,000,000,000 in hand money outstanding in August, more than \$23,000,000,000 was in Federal Reserve notes. It is not necessary here to go into all changes that have taken place in reserve requirements or the function of gold.

### Loans must be paid off

WHEN you pay off your loan, the deposit which was created by the loan goes out of existence and you tear up your cancelled note. In that fashion, the supply of money and the amount of business are more or less kept in balance. If a bank loan be kept in existence, the amount of money which the loan created will be kept in existence and, if enough of this sort of thing happens, the amount of money available may get out of proportion to the amount of goods. If it gets grotesquely out of proportion, there may be so much more money than goods that the money will lose its value as purchasing power. Our money system will work soundly only if loans are paid off when the transaction for which they were borrowed is completed.

Here is where the government debt comes in. A government debt, no matter how large, will not affect the money supply and therefore cannot debase the money if it represents borrowings from the people because people have no power to print money. But a national debt which represents borrowings from commercial banks is in such a different category from the debt that represents a mopping up of savings that it scarcely can be called a debt, because government borrowing from commercial banks beyond a point is not borrowing at all.

When the Government sells bonds or notes or otherwise borrows from a commercial bank the process is exactly the same as discounting a man's note. It is not necessary here to go into the profound difference

between the government borrowing to destroy in war and the individual borrowing to build. The bank takes the government securities and credits the government deposit account with the amount

(Continued on page 99)



Our present inflation is due to the size, character and holding of our national debt

up by deposits of gold, by the rediscount of certain kinds of notes or by loans with government bonds as collateral. Thus your \$1,000 note may, through the Federal Reserve, become hand bank notes, thus increasing the amount of money in



# Small Town Homecoming

By DONN LAYNE

**THIS could be your town. Anyway, here's what one of our editors found when he went out to see how the veterans are taking to civilian life**

"I DON'T know exactly," the county clerk said, "but I imagine we've had about 1,400 veterans back already—that's for the county. Maybe some 350 of them are town boys. I guess I've talked with about all of 'em, too. Almost 1,000 in the past six months."

"Have you enough jobs for all of them?" asked the man from the magazine.

"Oh, sure," chuckled the local official. He lit his pipe and thought a moment. "Must be two, maybe three jobs for every vet. But most of 'em don't want to go to work right away. Especially those who have had combat experience; they're more restless than the others—find it hard to settle down. A lot of 'em have trouble sleeping nights. Guess it's too quiet here—after all the excitement they've had."

"Of course, there are some who manage to get in the groove again. Those who had professions or businesses seem to take hold right away. And the farm boys seem perfectly willing to settle down again."

"But the clerks and machine operators—you know, the boys who had routine jobs—they don't want to go back to 'em. The kids who left school to go to war are up in the air, too. Most of them just want to loaf around for a while. But I don't blame 'em. I didn't know what I wanted to do, either, when I came back from World War I. I fooled around for four or five months, 'til I ran out of money and had to go to work."

"Then, again, there are lots of things to bother them. Quite a few of the boys have acquired families, and they would like to get homes of their own; but houses are scarce and prices are high. Others would like to get hold of a truck of some



**"After all, if the veteran's prospects and credit are good enough for a GI loan, he can obtain a regular loan from us"**

kind, or a car, or some machinery so they could strike out for themselves. But this surplus war stuff is in an awful mess—and it looks as if the veterans are being given the run-around."

The man from the magazine left to visit the office of the Veterans' Administration on the second floor of a building just across the street from the court house.

## Studying a typical town

HE had come to this agricultural community in the heart of the Shenandoah Valley of Virginia, because his magazine wanted to know what was taking place in a small town now that the war had ended and its veterans were coming back. The town was a thriving, diversified farming and small-industry center with a population of about 9,000—almost all native-born. A great many tourists and vacationists visited the region each year. The trading population of the town came to about 65,000.

"Well, as you no doubt know," the VA representative said, "government employees aren't supposed to talk or to express their own opinions—at least, not much. However, I'll try to give you the picture as I see it."

"Almost a third of the boys who went into our fighting forces from this vicinity have returned now. Although some of them have gone back to work, most of them don't seem to want to settle down. Currently, there's a job for everyone who wants to work—but that situation won't last long. When all of our veterans have come back, there won't be enough jobs to go around. There are some tough times ahead."

"A lot of our veterans are disgruntled over one thing and another. They are disgusted with the housing shortage. Their inability to obtain various types of surplus equipment makes them sore. And you would be surprised at the number who believe that they have \$2,000 coming to them on their return to civilian life. They don't



know anything about the so-called GI Bill of Rights—or that they must be good credit risks before they can get GI loans. I have had some of them get very mad at me when I informed them that they were expected to pay back the money obtained under the GI plan.

"Naturally, a large proportion of our veterans were too young when they went to war to have had an established credit rating—and they still haven't any. To my knowledge, not a single GI loan has been made in this community. That goes for all three types: home, farm or business.

"In fact, all these veteran benefits that were granted by Congress under the so-called GI Bill of Rights—such as reemployment rights, unemployment insurance, war-surplus purchase priorities, educational and retraining payments, GI loans and mustering-out pay—not to mention disability allowances—have led to a great deal of confusion on the part of everyone concerned. When we older men were demobilized after the last war, we got our \$60 mustering-out pay and our train fare home—and that was all there was to it. We didn't have any housing shortage, or tire, or automobile, or truck, or other commodity shortage to annoy or hold us back from doing the things we wanted to do."

### Banker's view

"GI LOANS?" The banker smiled.

"We haven't made any. We had three applications for GI loans; but none was consummated. One veteran wanted the money to get some machinery but it took so long for the papers to go through that he changed his mind. The other two applicants wanted the money to buy farms. But, again, the government appraisal and procedures took so long that both of them sort of threw up their hands and took a regular bank loan. You know the time element is essential in many instances. People who have things to sell these days do not have to wait around very long to find a buyer.

"After all, if a veteran's prospects and credit are good enough

for a GI loan, he can obtain a regular loan from us, and the difference in charges doesn't amount to much. In fact, most of the veterans would rather pay the additional two per cent—no more than \$40 a year on a \$2,000 loan—and get the money when they want it."

"Are the veterans coming back to this community fitting into civilian life all right?" asked his visitor.

"As well as can be expected," the banker said. "I think, on the whole, it takes longer to make a productive civilian out of a veteran than it does to make a good soldier out of a civilian. Of course, there are exceptions.

"Our veterans who were formerly lawyers, doctors, dentists—or were operating their own stores or business—can hardly wait to get going again. On the other hand, one of our best trial lawyers is finding it rather difficult to adjust himself back to civilian life. He doesn't know what he wants to do; and he drinks too much and spends a lot of time traveling about the country. We also have a few veterans who have come back to find their business all shot to pieces. Competitors have taken advantage of their absence—or their wives

tented to go back. Of course, there's not much for them to do now on the farms—won't be until spring.

### Same old jobs not wanted

"THE veterans who seem to be the most discontented and unsettled are the boys who had no special skills when they left, or had some minor position in a store or shop, or who were still going to school. It may take them from six months to a year to get back to normal. There are exceptions, here, too. One of our boys, a P-40 pilot, who has seen plenty of fighting—and has a chest full of medals—came back and went right to work pushing a hand truck down at the freight terminal. He says it keeps him busy and stops him from thinking too much. He expects to go back to college next fall.

"Some of our fighters who have taken jobs driving those big trucks and trailers around the countryside seem contented with the work. They have to be alert, they have responsibility, there's no time clock to punch, they have no time to day-dream, and there's no one looking down their necks.

"Then we have a few cases where domestic situations have left the boys in a hell of a frame of mind. One veteran came back to find that his wife had left him, taking his life's savings. Another had been sending his money back to create a little nest egg, only to discover upon his return that his wife had been spending it as fast as he sent it into the bank. In one case we gave the boy a loan and helped him to get started again. But we won't be able to help the others out until they sober up enough for us to talk business with them. They were all good boys and they need a decent break.

"Some 25 years ago when I came back to this town from World War I, I didn't want my old job, and I didn't know what I wanted to be or do. Finally, after I had spent most of my money, I had to go to work. I guess that's the way it will be with most of the veterans of this war."

### Some want to loaf

"YES, sure, they are coming back all right," grinned one of the town's prominent citizens, "but why, is beyond me.

"They don't want to settle down. A lot of them don't want to work—they don't even want to go to (Continued on page 84)



"Most of the veterans who came off the farm seem contented to go back"

were not able to take over and run the business properly—or their employees quit them and started out on their own, taking over a lot of the old customers.

"Most of the veterans who came off the farms are evidently con-



# The Mayor of Washington

By CARLISLE BARGERON

ONE of the reasons for Fiorello LaGuardia's long reign as mayor of New York is said to have been the intimate relationship he maintained with the voters. He scurried to fires. On the city-owned radio he periodically chatted with his people about the price of food-stuffs. When newspaper workers were striking, he read the comics to the kiddies.

The residents of Washington feel that they have a kindred spirit in their "Mayor," J. Russell Young.

He is not really the mayor. Washington has none. He is, instead, president of the Board of Commissioners who head the city government. There are three commissioners appointed by the President. One, an engineer commissioner, comes from the Army. Of the others, one has charge of health, the schools and libraries. Mr. Young has charge of police.

It is doubtful if any other city officials in the country have less authority than these three.

In a general way they have jurisdiction over all the ordinary features of municipal government, except that their city council numbers 531 members of Congress. The city government generally is treated as an agency of the federal Government. The commissioners prepare and administer a budget totalling some \$65,000,000 annually, to which Congress contributes some \$6,000,000. The rest is raised by the residents. This budget has to go through the federal Budget Bureau, just as the appropriation for FBI, for example, then through Congress.

In the final analysis, Congress directs how the money is to be spent on education, street improvements, administration, etc.

Congress, for instance, prescribes the city's speed limits.

With the exception of the members of the Public Utilities Commission, appointed by the President, and those of the Board of Education, appointed by the U. S. Supreme Court, the three commissioners appoint the subordinate city officials, the tax collector, superintendent of police.

## Congress makes their rules

THEIR freedom of action is greatly proscribed by Congress. Even the policeman on a beat has his friends up there. The commissioners have no jurisdiction over the judicial branch.

Named for three-year terms at \$10,000 a year, their main job is to maintain a balance between the complaints of the residents and the

pressure of inconvenienced congressmen.

This, Mr. Young has admittedly accomplished better than anyone else who has tried it in the past 25 years. His nearest brush to congressional criticism, which in the past has grown to such fury as to bounce commissioners out of office, came several months ago when one of his police lieutenants, seeking to emphasize the importance of a raid on a disorderly house, told the newspaper reporters that two high government officials had been present but were permitted to get away.

Immediately there arose a clamor as to the identity of the two big shots—who really weren't. It was only a temporary flare-up and Mr. Young was permitted to return to his rounds of the civic groups to pay tribute to the fine looking mothers and fathers present, to praise their interest in civic affairs,

and to inveigh against sin.

This he does with what he calls Speech No. 1. Speech No. 2 is for the March of Dimes and similar fund-raising campaigns. No. 3 is phrased appropriately for returning heroes to whom it is his extreme pleasure to present the key to the city.

The people to whom he delivers No. 1 may be greatly interested in their civic affairs but aside from passing resolutions expressing indignation, they are seldom able to do anything about them. They have no vote.

The fact that the commissioner mingles among them in tacit commiseration apparently fills a void. He has been taken into the hearts of such bodies as the Association of Oldest Inhabitants, the Society of Natives, the Friendly Sons of St.

(Continued on page 94)



**J. RUSSELL YOUNG, District of Columbia Commissioner in charge of police, runs his own "School of Expression" for notables who love to talk**



# We Have a Foreign

By JUNIUS B. WOOD



**G**ENERAL DE GAULLE in a Tantrum—Civil War Flares in China—Russia Balks on Bretton Woods—Indonesians Die For Freedom—Embassy Clerk Gets Traffic Ticket—More Billions to Lend—Red Army Sits Tight in Persia—Marines Bombard Manchurian City—Will We Sever Relations with Spain—Millions Starving in Europe—Higher Tariffs on Hollywood Films—Action Demanded on Palestine—Moscow Squeezes Turkey!"

These are headlines which arouse the interest or blood pressure of the world-conscious American. He may be highly vocal on one, lukewarm on others. That opinions will differ widely between individuals and groups is certain.

But there is one organization that is interested in every one of them, whether trivial or great, whether on our own doorstep or on the other side of the globe. Nor can it be hesitant or uncertain. It must have all the answers.

That is our Department of State. Today there are few world problems in which the United States does not have a stake. The State Department speaks for it on all of them. Differences of opinion which show democratic strength at home bring futility and failure abroad. The voice of the Department must be authoritative and decisive to be heeded. Representing the strongest nation in the world and backed by that might, the Department negotiates, confers and, when the decision is made, reports back to the bar of public opinion which still is the highest court of our nation.

No two issues between the United States and other nations are the same. Nations differ as do our relations with each one. That is why the Department's attitude and the

agreements which it approves may differ so much in individual cases that it often seems to lack a fixed foreign policy. Administrations change and foreign policy must be flexible to meet each case but the Department is firmly tied by public opinion to certain broad principles which mold American policy, whether domestic or foreign.

## Our policy by the people

THE public is critical and a hard taskmaster. It has the final word. Its opinion on national policies is registered at every election. That makes the foreign policy of the United States different from that of any other country. Its roots are with the people. An official may suggest a policy and try it out but his tenure of office continues only as long as that policy meets with popular approval.

World peace is the national policy of the United States.

This country's relations with other nations have multiplied through the years and the problems have increased but the policies followed by the State Depart-

ment on each of them have been subordinated to this policy of world peace. The United States has stood for it without a reservation for 100 years. It is so firmly imbedded in American thought that each passing issue of the day or year must meet the test: "Will it help world peace?"

The policy has inspired hope and

won the confidence and respect of smaller nations for the United States but has not increased this country's popularity with other powers whose ambitions were opposed.

Other great powers also advocate world peace but too often after the fighting is ended and only after they have obtained colonies, concessions or contributions. Material objectives have molded their policies through the centuries.

Great Britain's foreign policy has been tailored to meet empire needs, an industrialized island controlling the resources and supplying the needs of world-wide colonies. Columbus launched Spain on the same road but, after the defeat of the Armada in 1588, Britain ruled the waves.

While England spread over the waters, Russia adjusted its policies to the same imperial expansion on land. The rule of the proletariat has replaced that of the czars but the hunger for more territory and



# Policy

WITH POSSIBLE changes at every election, our foreign policy may seem to vacillate. Actually we have long held to the basic principles of world peace, and equal and open dealings with all nations



CHARLES DUNN

more masses to toil for a pittance is as ravenous as in the 18th century when Peter and Catherine won the titles of "The Great" for their efforts. In the age of the czars, the ambition was to dominate Europe. In this age of airplanes and propaganda, it is to dominate the world through the spread of Communist governments.

The movements of armies and the conference debates in the few weeks since the war ended prove these policies as alive today as in the past. The strength of the United States has swung the balance to victory in two great wars. The American people have sacrificed lives and money for their national ideal of a peaceful world with no desire for territory, reparations or material gain. The

policies of the others also have not changed.

Smaller nations, victims of invasion and oppression, hailed America's ideal as their only hope in a world of force and power politics. Stronger nations gave lip service to the ideal as necessary to win the might of the United States and assure their victory. Their signatures are on the Teheran and Yalta agreements. Promises have been broken but the United States cannot be forced to acquiesce in the betrayal. It can be true to its ideals, hoping against hope that it has not again sacrificed in vain for the cause of world peace.

With each betrayal of these ideals, nations which based their hopes for freedom on promises by the United States have lost confi-

dence, and public opinion in the United States has risen against its State Department. Korea signed its first treaty with a foreign power in return for a guarantee of independence by the United States. In a later decade, Korea was delivered to Japan as a move of power politics against Russia. This deviation from American policy paid off at Pearl Harbor, 36 years later.

In the previous world war, President Wilson proclaimed "self determination" for smaller nations but failed to deliver them from the yoke of colonies and mandates at Versailles. In this war the promises were the same to our lesser Allies. Today, they wonder why the United States which is invincible in war and commerce, is so often helpless in the peacetime application



of the principles of freedom, liberty, equality and self-determination on which American diplomacy is founded. Though the ideals persist, other nations and our own people lose confidence in the State Department's application of them.

Lack of secrecy is another characteristic which distinguishes American foreign policy from that of other great powers. Secret treaties are impossible for the United States, even if the State Department favored such a policy.

### Secret treaties not needed

IN this country where the people and not a potentate or dictator are the government, the Senate ratifies treaties for the people and secrecy is impossible. Nor is secrecy needed for mutual defense or purposes that are honorable. Secret treaties are pledges in treachery, each signer knowing that the others cannot be trusted. The nation whose policies are secret will succeed only for as long as its real aims can be concealed by protesting high ideals and humanitarian principles and by belittling nations whose policies are in the open. Confidence between nations and peace are impossible in such a world. The secret treaty which our European allies signed with Japan in the last war is a bitter memory. We paid dearly in this war for what Japan acquired by that treaty.

When it has followed American policies, the State Department has been approved at home and the United States has been respected and trusted by other nations. War is too recent to deny that military might is the world's highest court but the example and influence of the United States has changed world thought. The secrecy and absolutism in vogue in the years of Napoleon and the Congress of Vienna no longer are acceptable in any country where the people are permitted to do their own thinking.

The conferences of today, the nascent United Nations Organization, the lamented League of Nations and the Hague conventions are steps in the effort to apply arbitration and peaceful methods to disputes, an American policy which John Jay included in the first treaty with Great Britain in 1783. Conferences may lag and fail but what they do accomplish is more permanent and less costly than the tolls of war.

To bring peace to the world, a world organization must do more than satisfy the strong. It must follow the American policy of according equal justice to the people of

small nations. That policy was ignored in the League's decision on Vilna, Teschen, Fiume, Mosul, Corfu, Manchuria and Abyssinia. The strong nation was satisfied only as long as its demands were granted but the people lost confidence even earlier. A United Nations Organization where smaller nations speak only by permission of a few big powers will not guarantee world peace.

This is the age of conferences. That accords with a policy from which the United States has never deviated in spite of the jibe:

"The United States never lost a war and never won a conference."

War has always been the last alternative for the United States. Steam and the gasoline engine have made neighbors of countries which once seemed of another world and the conference tables are larger.

Though American ideals and policies have stood through the years, their application has changed with administrations. In 1812, we fought a war for freedom of the seas. In 1917, we joined in another war chiefly because Germany violated the American policy that ships from neutral ports and not carrying contraband of war were safe everywhere from attack by belligerents. In 1937, we pulled in our horns through the Neutrality Act prohibiting the entry of American ships into war zones.

### Keeping others out of America

BECAUSE it operates closer to our shores, the Monroe Doctrine is the best known of American policies. The policy has not changed but its application has differed widely, and continues to do so, under changing Secretaries of State. When President Monroe sent his message to Congress, 122 years ago on the second day of last December, Spain was smarting from the loss of its rich colonies, the Holy Alliance in Europe was looking for new worlds to conquer and, closer to home, the Russian Bear was itching to shuffle down the Pacific coast from Alaska.

Due solely to the Monroe Doctrine, nations of the western hemisphere are independent today, a sharp contrast to Asia and Africa with their resentful and warring colonies of Europe. Colonial-minded European nations were not enthusiastic over the new American policy and twice in Venezuela alone, in 1895 and 1902, the United States threatened to use force to prevent their armed intervention.

In all Latin American countries,

except Argentina, appreciation of American policy has outweighed numerous complaints at the vagaries of application. This was demonstrated in a practical way by those which joined with the United States in both wars. Any complaints always were cordially encouraged by European countries which envied the role of the United States in South American affairs.

### Interference in Latin affairs

THE State Department's frequent flipflops on policy provided Latin American countries with valid reasons for complaints. The Monroe Doctrine which was promulgated to protect these countries from Europe became a cloak for intrusion into their affairs by the United States. The State Department became blind when an American corporation promoted and financed a revolution but delivered lectures on honest elections and sound finances while sending troops to keep its approved officials in presidential palaces. Whatever happened in one country reverberated in all others from the Rio Grande to Cape Horn until "Yankee Imperialism" and "Colossus of the North" were in every vocabulary.

Repentance came in later years, policy changed again and the State Department, blandly ignoring that some countries prefer rifles to voting machines in selecting officials, decided that the United States would recognize no country whose government was established by a revolution. As that was putting an increasing number outside the pale, policy switched again and every country was labeled a republic regardless of its form of government.

A revised "good neighbor" policy followed and the United States, at the Montevideo Conference of 1933, pledged itself not to intervene in the domestic affairs of the Latin American countries. In the war they profited as never before from this country's purchases of supplies and the good neighbor policy was implemented with aid for defense, health, sanitation, education, agriculture and roads. The United States changed from a bossy uncle to a kind papa in popular opinion.

The war had hardly ended before this glow of friendship was rudely dispelled and the policy which had been fostered at great effort and cost received a rude jolt. Two talkative ambassadors which the State Department had not housebroken to its own policies, claimed to speak

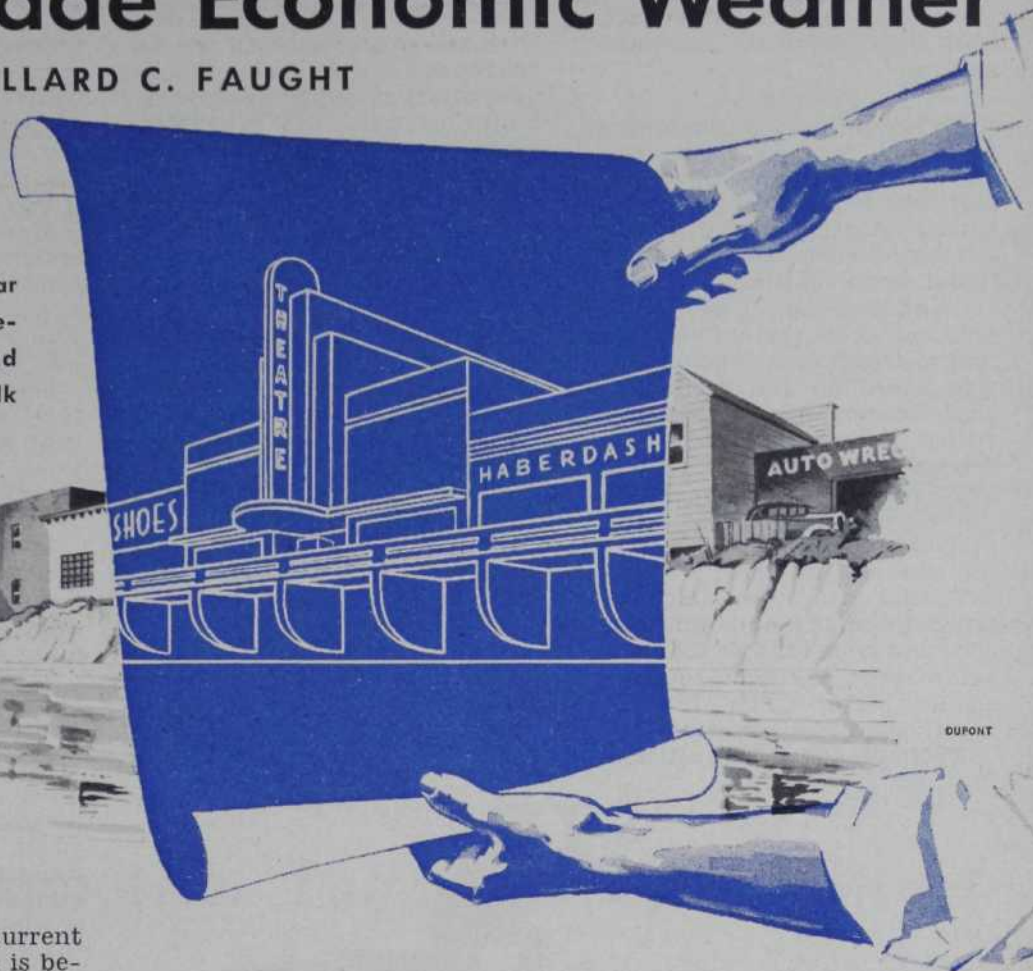
(Continued on page 91)



# Homemade Economic Weather

By MILLARD C. FAUGHT

As a memorial to its war heroes, one town is face-lifting its waterfront and adding a wide sidewalk



A NEW TERM in the current vocabulary of business men is becoming so used and misused that maybe it ought to be made the subject of a congressional investigation. In fact, it already has, in an indirect sort of fashion.

The term is *economic climate*, or just "climate." Its exact definition is a matter of on-the-spot agreement, but, broadly, it includes the states of affairs known as "prosperity" and "depression."

That may be very significant.

We've been consoling ourselves since Mark Twain with the old wheeze that all you can do about weather (or climate—which is the same thing only in large hunks) is to "talk about it."

Now that we've got around to referring to prosperity and depression as economic climate, does that mean that we also now accept these conditions as the fatalistic conjuncture of celestial circumstance over which mere man has no control, and no recourse save conversation?

Many business men, pondering the fact that past wars have been followed, after a lag, by depressions, reason that this, being the biggest war of all time, may be fol-

**BY THEIR careful planning, faith and action, local communities are demonstrating that much can be done to improve business conditions and to add to prosperity**

lowed by a depression of like dimension. If you are given to economic morbidity, quite a case can be made for such a possibility.

But happily there is a brighter side to this we're-headed-for-hades-in-a-handbasket thesis. Again it has to do with the concept of economic climate. Actually, economists have been theorizing about economic climate and its "cycles" for a long time. The important thing is that *business men* are now talking about it.

## A job for business

STILL more important, some of them are beginning to suspect that this is a kind of climate that business men can do something more than just *talk* about. Some are even suggesting the possibility that, if economic climate is a man-made

thing, why can't we fix it so it'll be summer all the time?

This may sound presuming at a time when the Government is also in the climate-making business, seeking to establish, via full employment bills and the like, an atmosphere of eternal security. But there is no necessary conflict here since the synthetic summertime or "favorable economic climate" contemplated is one which business, government and labor working together must jointly create and maintain. It also contrasts with two former concepts: one called *laissez-faire* in which the Government stayed out of the atmosphere altogether; and a second and more current concept that Government has almost the *sole* responsibility for economic climate.

But suppose we start from where we are with the assumption that



business and labor and agriculture and government acting together can establish and maintain a summertime climate of continuing high-level prosperity. What elements and what tools have we to work with? Some are immediately obvious.

### We have many opportunities

IN the first place, now is an excellent time to start. The war left us with a lot of short-run problems, but it also left us with some exceptional opportunities, both short-run and long-run. It left us with a physical economy untouched by military destruction and one which was tooled up and producing at close to double its prewar rate (when it was supposed to have reached some kind of "mature" limits).

As a second factor to consider, we used up some raw materials to win the war. But we have a little bit left; and also some magnesium, synthetic rubber, and other plastic odds and ends that we didn't have before. Plus, of course, some sand, air, and water which are surprisingly useful raw materials.

We have added several million

people to our labor force and improved our collective skills and experience. Yankee ingenuity has hit an all time high. For every machine we wore out we can make at least two new ones, each better than any predecessor. Of the \$33,000,000,000 worth of new factories and other "productive capacity" built during the war, experts estimate that at least \$5,000,000,000 worth is readily usable for new peacetime output. Yet these experts also estimate that we will need to add some \$70,000,000,000 of additional new "capital goods" in the next five to ten years.

Why? Because the war also left us with a tremendous backlog of demand for the consumer goods which capital goods produce, and this backlog is in turn backlogged by a reported \$170,000,000,000 in private savings. The banks have a few dollars ahead, too.

Yes, it looks like a good time to start manufacturing a favorable economic climate.

But let's look at some of the nasty weather we will have to clear up before we can establish this permanent forecast of "clear and continued mild—favorable for planting and growth of new business

crops of goods, services, profits and jobs."

First, we owe one another, through various devices, a national debt of more than \$275,000,000,000. To carry that debt load, plus the increased cost of postwar government, may require as much as \$25,000,000,000 a year in taxes. Such a tax load looms as a large cloud on the economic horizon, but it need not blot out the sun of prosperity if two things happen:

First, if we can redesign our tax system so that the revenue can be collected with a minimum of damage to those parts of the economy which are the chief sources of jobs and markets.

Second, if we can expand the total economy and its output so that we have a large enough national income left *after* we've paid on taxes to maintain a high level of productive employment.

In this area of tax—and fiscal—policy, the Government can make a major and immediate contribution to a favorable economic climate.

### Clouds will clear up

A FEW months ago there was another dark cloud on the economic horizon in the form of scare stories about the prospects of postwar competition from those new government-owned plants, plus the possibility of glutted markets from the dumping of billions of dollars' worth of government surpluses. While those clouds shut out the sun for a while, they don't seem to have produced much rain. In fact, there have been some complaints about a "drouth" of surplus goods left over from war, as far as their appearance on the market goes.

The most recent economic overcast stems from the widespread labor unrest and a fear of inflation—one as a cause, the other a potential result of delayed reconversion and shortages of goods. Neither conversation nor wishful thinking will dispel either of these clouds and they have already caused some heavy rains in industrial centers like Detroit—with fog and overcast reported from other economic weather stations.

However, this reconversion picture offers another significant analogy between economic climate and regular climate. And if we are going to react to our economic environment as we do to climate—or if we propose to control it in the



Formerly dependent largely on its resort income, Tampa, Fla., is now encouraging the raising of cattle and poultry



# Rheumatic fever can be



beaten! Though it tries to harm the hearts of growing boys



and girls, serious damage may be avoided if the disease is

recognized in time. Put your child to bed if he has persistent low fever, pain in joints or muscles, or continued loss of weight



and appetite. Then have your physician examine him!



## If the disease attacks your child...

... make sure the doctor's orders are followed. He should stay under a doctor's care until *all* signs—including laboratory tests—show that no vestige of the attack remains.

Unfortunately, rheumatic fever may recur. After convalescence, therefore, be specially careful to guard your child against wet feet and chills.

Try to avoid exposing him to people with "sore throats" and colds. For recurrence may be brought on by these and other mild illnesses, such as grippe and certain respiratory infections.

Sometimes rheumatic heart disease

may be present although there has been no previous record of a rheumatic fever attack.

The only way to discover this condition—and to prevent serious heart damage—is by periodic physical examination.

*Rheumatic fever, itself, causes more fatalities among school-age children than any other disease.* The way to combat this tragic toll is to maintain youngsters in the best possible condition by proper diet, rest, healthy exercise, and regular medical supervision.

To learn more about combating the disease, send for Metropolitan's free booklet, 26-P, "Rheumatic Fever."

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**TO EMPLOYERS:** Your employees will benefit from understanding these important facts about rheumatic fever. Metropolitan will gladly send you enlarged copies of this advertisement—suitable for use on your bulletin boards.



form of perennial summer—then we had better become a lot better climatologists.

One of the first things we had better take note of is that *climate* is made out of *weather*. The former is measured by the year, the latter by the day. And the moral here is that you can't forecast climate solely by scanning today's weather. Also, the U. S. Weather Bureau doesn't record the nation's climate by the weather in Detroit, Washington, D. C., and lower Manhattan. There are other weather stations around the country.

Suppose we bear that in mind as we survey the economic weather data on hand to determine the prospects of a favorable economic climate ahead. It may be snowing picket posters in Detroit and red tape in Washington, but what's the economic weather like in the 6,669 other towns, cities, and villages in the United States? Their daily business weather also figures in our national economic climate.

### Don't forget the other towns

TO mix metaphors for a moment, all of these 6,669 communities (plus 10,083 other places of a 1,000 population or less) are the "grass roots" of our economy. If these roots have dried up badly after a decade of depression or been yanked loose by the unsettled economic weather of war, it's going to make a lot of difference as to what's ahead. In fact, the collective weather of all these communities is the national economic climate.

What, then, is the current status of the economic weather in the grass roots of America? Both the current weather and the forecast are better than at any time in the past 20 years—which is another reason for believing that now is a good time to tackle the challenge of establishing a permanent state of favorable economic climate—summer all the time, with no periodic winters of depression.

It is difficult to describe the "change of weather" that has taken place in America's community grass roots during the war years because it is in large part a state of mind. It seems to add up, ironically, to an attitude that maybe communities, and the business employers within communities, can do something about their own economic climate without waiting for Washington to cook up a "high" or a

"low." While the phrase sounds trite, the phenomenon amounts to a rebirth of the spirit of community initiative and self-help which marked America during its period of civic adolescence. Some specific examples may help to convey this new-old spirit of let's-try-to-do-something-for-ourselves-before-we-yell-for-help.

Out in Eau Claire, Wis., a typical American town of 35,000 people, there is a new slogan, "50 by 50." It is shorthand for the town's post-war goal of 50,000 population by 1950. Business leaders in the town have set out to create enough new well paid productive jobs to support 15,000 more citizens. Other plans have been made to build new homes, stores and other commercial facilities as needed.

### Community planning helps

THE civic and social leaders in Eau Claire are equally busy with projected plans for new streets, schools and parks, with proper zoning done in advance, rather than as an afterthought. According to job surveys made in connection with Eau Claire's immediate post-reconversion prospects, 50 per cent more jobs have been planned than were available prewar. It looks like the town's local economy has "turned a lot warmer."

A few miles away, at Janesville, Wis., there has also been a marked man-made improvement in the man-made economic climate. Janesville has counted up its assets and also the new jobs which local employers expect to create based on those assets, and find they total

1,000 more jobs than there are persons currently seeking jobs.

Not only does Janesville propose to improve its local economic climate, it plans to change the local commercial landscape. While it is one of the most picturesque towns in Wisconsin, with more than \$750,000 worth of public parks, Janesville has a "slum" in the middle of town where several blocks of stores back up to the Rock River. Now local business leaders have an ambitious program to rebuild the entire waterfront; "face lift" the backs of present stores; add new ones where needed; cantilever a wide sidewalk over the river itself on each side; and make the whole project a practical civic memorial to Janesville's war heroes, more than 100 of whom fell at Bataan.

But Janesville is not alone in this commercial rebuilding idea. At least a hundred towns of varying sizes have "Main Street face-lifting" projects under consideration or in progress. Faribault, Slayton, and LeSueur, Minn., each has such a project well along. Moreover, Brainerd, Albert Lea and several other small Minnesota towns have received national attention for their outstanding jobs of postwar planning.

### Self-help in the Northwest

ALBERT Lea's new business promoting project, called "Jobs Incorporated," has been written up in more than 50 magazines, even including a trade journal in India, as a classic example of how even small towns can strengthen their own "economic climate."

Counted all together, there is a plethora of good examples of self-help planning by towns in the Minnesota-Wisconsin-Dakota area. (South Dakota, with only six towns of more than 10,000 population, has 181 communities with active business planning committees. In the opinion of the Committee for Economic Development, it has done one of the best statewide planning jobs in the country.)

Yet there is something ironic about this great showing of confidence in the future in these central Northwest towns. About two years ago a large engineering company, at the request of some Twin City business men, made an "exhaustive survey" of this region's economic prospects. The report was so gloomy that even some of its sponsors

(Continued on page 76)



"Tom plans to make a little on his income tax. His exemptions are more than he earns"



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FARMING

Then the mines must yield copper, iron, lead, aluminum, chromium, zinc, nickel, coal, gold, silver—all required in telephone apparatus.



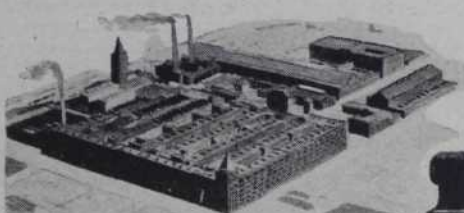
MINING

Twenty-five domestic varieties of wood enter into the nation's telephone service. Their uses range from switchboards to poles and booths.

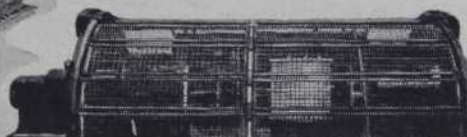


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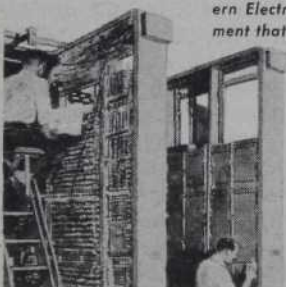


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—and keep them!



# Why Europe Tries Socialism

By L. G. DILLON

**THIS we learn from what is happening abroad: Only when there is risk-taking, competition, and no artificial props to assure profits, can capitalism survive**

IN MANY parts of Europe, a definite trend toward the nationalization or socialization of important sectors of the economy can be discerned.

Involved are not only the eastern countries, where such a movement after the war was expected, but also the western part of the Continent, with its better organized capitalism.

To the orthodox Marxian this development represents a fulfillment of the prophecy that capitalism contains the seeds of its own destruction—that government, to avoid social unrest caused by the abuses or errors of capitalism, is forced to adopt measures detrimental to capitalism.

To the capitalist it represents something brought about more or less by the political victories of the radicals.

There is reason to believe, however, that other factors enter the picture. To determine just why Europe is nationalizing, it might be useful to size up the present stage of the movement.

## Socialism has spread in Europe

IF we leave out the USSR, where Communism has become definitely established, and the countries of Eastern Europe, where a latent trend toward state intervention is becoming intensified under the growing influence of the Soviet Union, we find that the most definite steps toward the nationalization of key sectors of the economy as a basic national policy have been taken in England, France and Czechoslovakia.

This does not include a number of European countries which have been engaged in a certain amount of what is called state trading for a long time, without, however, making any radical changes in their economic structure as a whole, but which are likely to be influenced by the results in England and France. It is significant that even countries like Sweden and Switzerland have found it necessary to engage in state intervention and ownership during the war and there is no sign that they have definitely decided to return to the prewar status.

The plans of the British Labor Government, which have made the strongest impression here, have been stated clearly and definitely in the course



**The state finds reasons to grab any industry which lacks efficiency and public confidence**

of recent parliamentary debates. Prime Minister Attlee, in the debate on the King's speech, described the objectives of his Government:

"We intend to bring the Bank of England under public ownership and to deal with the great basic industry, coal."

Members of Parliament did not seem to be surprised, for good reason. The close relations between the Bank of England and the Treasury have been taken for granted for many years, and it was anticipated that the Labor Government would use the Bank as the first objective in the nationalization campaign.

When the plan for nationalization of the Bank came up for discussion in Parliament toward the end of October, the debate was confined largely to the clause of the bill which gives the Bank, after nationalization, the power to give directions to any bank on any subject and to require any information about the details of its business.

The opposition claimed that, in the absence of a limiting provision, such powers would conflict with the maintenance of the necessary position of trusteeship occupied by the directors of a joint stock bank. The London *Times* could not see the slightest objection to the government position that the operation of the Bank should be harmonized with industrial needs and that the country's financial system should be coordinated for full employment, full



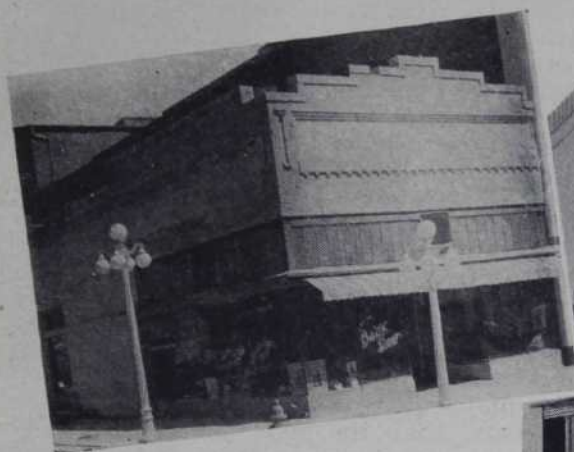
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production, an expansive economy, against restrictions and in favor of abundance, knowing that all those achievements are predicated, in the plans of the present Government, on a substantial dose of government ownership and control.

In the case of the coal industry, there was even less reason for surprise. Nationalization of the coal mines has been under active discussion for at least 20 years, and the Coal Act of 1938, which provided for government purchase of the royalties and the coordination of the industry, was generally recognized as a step toward final nationalization. Little in the progress of the industry since then suggests that it could have set its house in order by its own efforts.

### British trouble with coal

THE uncomplimentary report of the joint committee that investigated the coal industry during the war has facilitated the task of the Labor Government. As the Prime Minister stated:

"During the whole of the interval between the world wars, and many years before that, we have heard of the trouble in the coal industry, year by year, and it has had widespread repercussions on our national prosperity and other industries. Commission after commission, committee after committee, has reported adversely on the structure and organization. We intend, therefore, to bring this industry under public ownership as part of a wider scheme of converting the provision of fuel, light and power to the public service."

One may have some reservations regarding the Government's ability to raise the efficiency of the British coal industry, but one would hardly pick out that industry to lead the fight for the preservation of British capitalism.

This emphasis on the lack of efficiency as an argument for nationalization was applied more generally by the Lord President of the Council, Herbert Morrison, when he said:

"When necessary we shall socialize, but we are determined that in publicly and privately owned industries efficiency must be the test and efficiency must be developed to the utmost. Where we socialize, fair and proper compensation will be paid."

In a statement about the middle of November, Herbert Morrison told the House of Commons that, in the life of the present Parliament, which may run to 1950, the country's electricity and gas in-

dustries, transport services (except shipping), and the coal, iron and steel industries would be brought under state control. To this should be added the announcement of the plans to nationalize long distance communication and civil aviation.

Considering the influence which British political and economic ideas exercise on the rest of the world, not excluding the United States, it is important that we should clearly understand not only the environment in which the British developments are taking place, but also the background leading up to them. It is evident from the extent of the British Labor victory in the recent elections and the representative character of the Labor members of Parliament that the nationalization policy is much more than the result of the adoption of an alien ideology.

As regards the environment, we must take as a starting point the British economic position as undermined by the two world wars and the failure to achieve a real comeback during the interval. We must also understand the fundamental difference between the postwar economic problems as visualized by the British and by ourselves.

With us the fundamental problem is to work out a policy and method for utilizing our increased productivity and modernizing the distribution of the national income to satisfy the demand for a higher standard of living without eliminating or weakening the traditional incentives that are considered essential for the successful operation of a capitalist economy.

### Rebuilding is necessary

IN the United Kingdom the situation is radically different. The increased productivity resulting from the war effort can be used only in part for direct consumption. A large number of prior claims on the national income must be satisfied before the British can begin to think of raising their standard of living. These include such urgent needs as the rebuilding of destroyed dwellings, merchant marine, port facilities, industrial plants and the restoration of inventories. Then comes the task of recouping the loss of investments and the capacity for rendering the various kinds of services, the income from which has figured so prominently in the British balance of payments and which must now be replaced, temporarily at

least, by exports of commodities withheld from domestic consumption.

There is, at the same time, the need for large imports to restart the industries. The claims of the owners of the vast amount of blocked sterling, estimated at around \$16,000,000,000, must also be satisfied, in part at least, at the expense of the British consumer, who at the same time is demanding—with a good deal of justice—some relief from his war deprivations and some compensation for his sacrifices.

Finally, there is the recognition that the United Kingdom must recover her traditional place in the world markets soon or risk being replaced by countries that have come out of the war better prepared for the competitive struggle.

To add to the difficulties of the situation, there has been some evidence since World War I, that British capitalism has lost some of its drive and sturdy reliance on free enterprise. It goes much deeper than the mere loss of efficiency, due, in many cases, to the use of obsolete equipment or methods, and consequent loss of foreign markets.

### Limits on competition

A MUCH more serious symptom is to be found in the persistent demand from important industries and their associations for government protection, for the preservation of colonial and Dominion markets by preferential treatment, and the insistence on the necessity to exclude or mitigate competition by the use of cartels and similar agreements. Within the past few years, such important organizations as the Federation of British Industries, the World Trade Alliance and the Cotton Board Committee have come out definitely in favor of international agreements for the allocation of markets, fixing of prices and controlling other competitive factors.

In view of these appeals it is easy to understand why the dominant political party does not show great confidence in the ability of private industry, by itself, to solve the postwar problem of employment, and why the public is willing to believe that nationalization will increase efficiency.

It is quite possible that opponents of the present economic regime have exaggerated the weakness of British capitalism and the lack of enterprise on the part of British industry. The claim of the Conservative opposition that in-





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dustry cannot be expected to invest new capital in improvements when it is threatened with nationalization or government control is not entirely without merit, although it is doubtful whether it will affect the government nationalization program substantially.

It might be added that the advocates of nationalization and government planning emphasize that the magnificent war showing of British industry was achieved under government direction and under conditions that eliminated many of the incentives usually considered essential for the operation of the national economy.

### France nationalizes, too

THE situation in France is in some respects similar to that in Britain, but it also involves some political factors which make the position of private enterprise much weaker.

Against the background of the increased political prestige of the radical parties gained by their leadership in the Resistance movement, we have the collaborationist charge against the leading figures in finance and industry and the black market activities associated with trade. In many cases the representatives of important sectors of private economy find it prudent to remain, temporarily at least, in the background, rather than to lead in the fight to preserve free enterprise, especially in view of the outcome of some of the trials of collaborationists. This factor plays no part in the British situation.

Thus far the actual steps taken by the French Government have been confined to the nationalization of the most important coal mines, an automotive plant and the Bank of France and four of the important deposit banks. In the case of the automotive plant there was a complication growing out of the collaborationist activities of the former owner, so that the Government action in taking over the plant might be regarded as approaching confiscation.

### Slowed by politics

THESE steps should not, however, be considered as forecasting a gradual or conservative policy. The slow progress was due largely to political complications and the pending elections. With the victory of the radical parties, the provisional Government is now getting ready to go ahead with the program of nationalization. It is also expected that the new Constitution will give the Government ade-

quate power for a wide scope of state control.

Toward the end of November, the Government came out with its program for nationalizing credit and electricity. The measure affecting credit provides for nationalization of the Bank of France and the "Big Four" private banks, namely the *Credit Lyonnais*, *Société Générale*, *Comptoir National d'Escompte* and *Banque National pour le Commerce et l'Industrie*—with about 55 per cent of the country's total bank deposits. There is also to be a Supreme National Credit Council, headed by the governor of the Bank of France and in control of operations of private and commercial banks. All stock of the Bank of France was to be transferred to the Government.

The boards of directors of the nationalized banks are to be made up of representatives of government, labor and consumers. The measure was adopted by the Constitutional Assembly on December 2. As in the case of the Bank of England, the present step is merely a continuation of a policy inaugurated before the war. The state control of the Bank of France came into effect, under the Popular Front, in 1938, when the Government took over the appointment of the governor, most of the chief officials and all but two of the directors.

In connection with the nationalization of industry we must keep in mind that a large sector of French industry, including some of the best known enterprises, consists of small or medium-sized concerns producing luxury and semiluxury goods requiring production and distribution techniques which do not lend themselves very well to government control. It is therefore to be expected that a considerable part of the French industry will be left in private hands, for practical reasons.

### Czechs take over from Nazis

CZECHOSLOVAKIA, although not so important as a possible influence, presents a rather interesting case because of the abrupt methods employed in carrying out the nationalization policy, which may be attributed to the economic consequences of the occupation and, perhaps, above all to the new orientation toward the USSR.

As in the case of the other European countries under discussion, there was a certain amount of government intervention and financial participation in industry during the interwar period. The most important Czech bank was not only

government-controlled but also controlled a number of the important industries. The Nazis, naturally, expropriated the government interests, in addition to acquiring control over other banks and industries. It is, therefore, possible that, in some important respects, the problems created by the Nazi depredations and the new policy for the elimination of the unreliable German elements from the Sudetenland could not be solved by a mere restoration of private ownership.

### A Czech planned economy

A RECENT speech by the Czech Minister of Industry may be regarded as indicative of the official background of the nationalization policy. Besides asserting that the Government is carrying out the will of the people, the Minister cites the prewar ownership of many Czech industries by Germans, the necessity of planned economy to eliminate unemployment and, what is most significant, the success achieved by the Soviet Union and the inauguration of nationalization policies by Great Britain, France, Belgium, Sweden and Poland.

On Oct. 24, 1945, the President of the Czechoslovak Republic issued decrees for the nationalization of the mines and other key industries, food industries, joint stock banks and insurance companies. In a number of cases, only large units are specified (interpreted as those having at least 500 employees on Jan. 1, 1944).

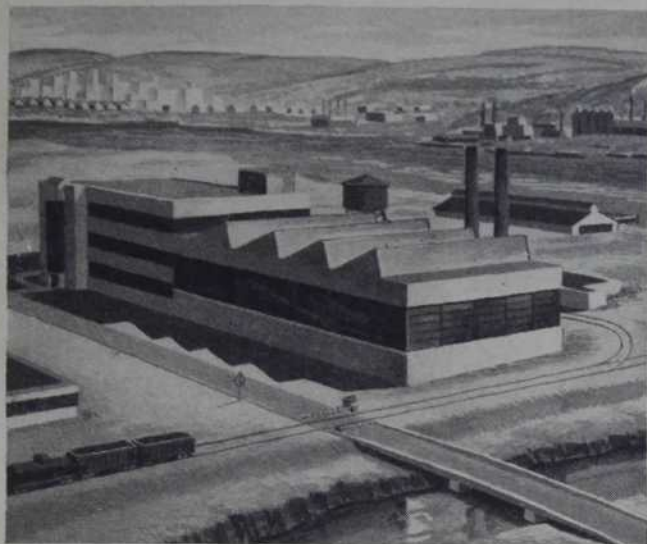
The management of the nationalized enterprises will be in the hands of boards of directors headed by managers, all responsible to the Government. The boards of directors are to be elected in part by the employees and, in part appointed by the Government.

Compensation to private owners, determined on the basis of the current market values of the properties involved, is to be paid in bonds of the Nationalized Economy Fund or in cash, six months after the determination of value. The amounts necessary for the servicing of the Nationalized Economy Fund are to be obtained from the profits of the nationalized industries. No compensation will be paid for enterprises formerly owned by German or Hungarian States or public institutions, by German or Hungarian nationals, except those who were "strictly loyal" to Czechoslovakia, or by disloyal Czech citizens.

It is believed that these developments warrant certain conclusions regarding the underlying causes



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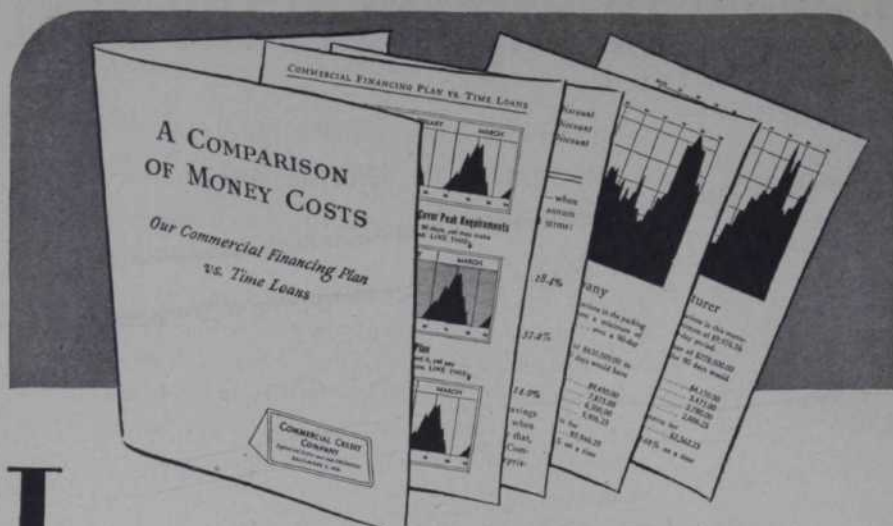
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and scope of the nationalization movement:

1. The trend is quite definite and some of the countries involved are of sufficient importance to influence our own ideas and policies.

2. The present movement is a direct result of the disrupting factors produced by the two wars and the interwar period. The Marxians will ascribe it to the inherent contradictions of the capitalist system, accelerated and intensified by the wars.

3. The increased prestige of the radical political parties is undoubtedly an important factor. It should be recognized, however, that the strength of this factor has been enhanced by the weaknesses developed by the capitalist system, largely as a result of political strains, but also, in part, by mistaken policies, especially reliance on artificial supports from the Government and resorts to monopolistic practices.

This last factor is of particular significance to the United States where capitalism has managed to preserve a good share of its initial drive and strength. It is quite certain that no economic system can maintain itself in an intelligent democratic society very long after it has outlived its usefulness. Artificial government support and monopolistic practices calculated to eliminate competition and assure profits without risk and without regard to effect on employment inevitably lead to State control and ultimate nationalization.

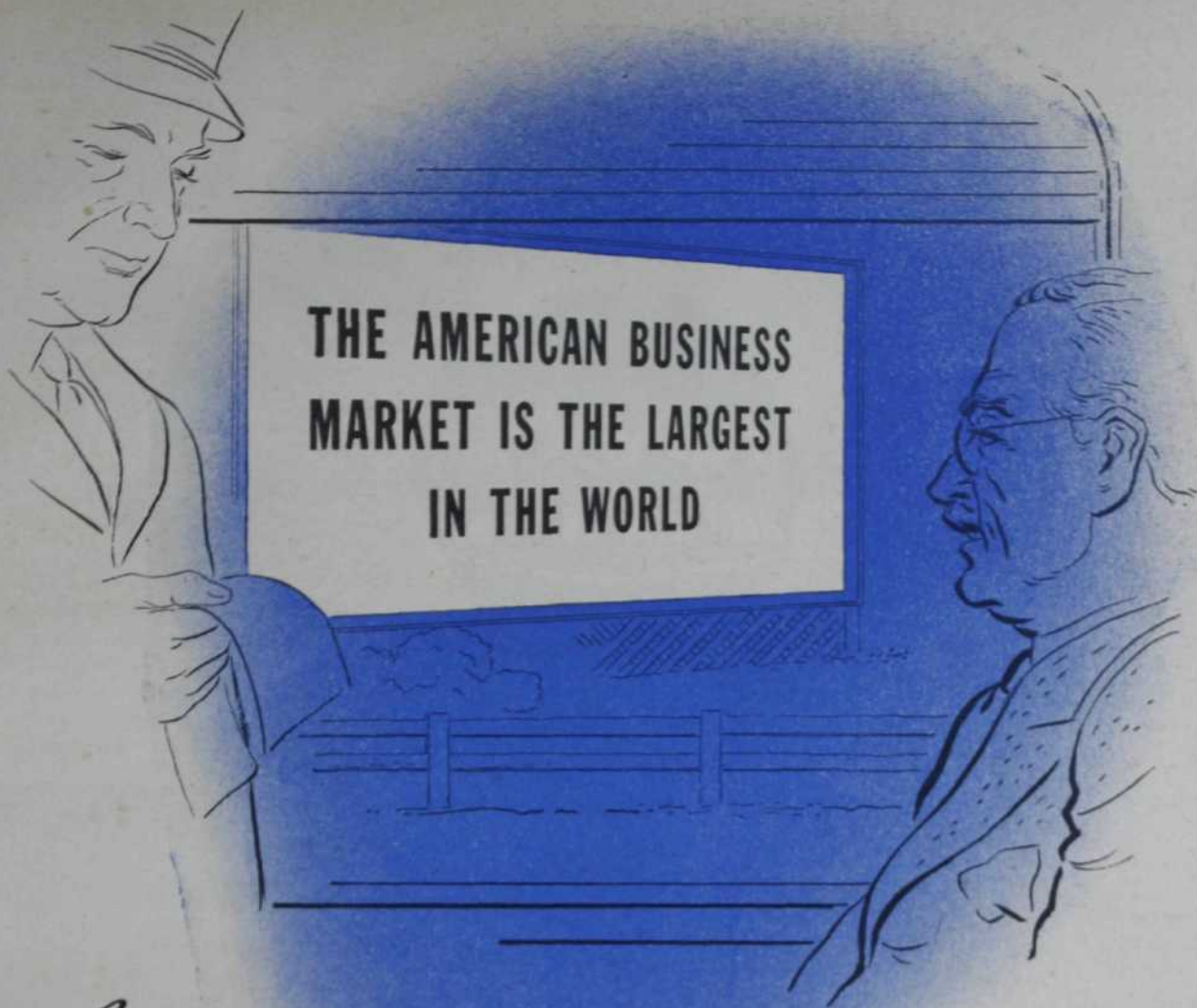
A constant repetition of the slogan "free enterprise" will not cure fundamental ills. And, above all, we must be on the lookout for the fatal "contradictions," which, in the words of some radical writers, mean that "capitalism is digging its own grave."

## Aluminum for Canvas

THIN aluminum sheet has been found satisfactory as a foundation for oil paintings. The artist employs a sheet, treated to produce a thin aluminum oxide film on the surface. Paintings on this foundation are permanent, not affected by moisture or oil cleaning agents, and have a small coefficient of expansion as compared to canvas.

—J. J. BERLINER





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NATION'S BUSINESS	456,640
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WASHINGTON, D. C.





# Enough Facts to Choke a Horse

By OLIVER HOYEM

**F**ACT-FINDING, or truth-finding, has a broad appeal. No politician, no labor leader, and no business leader can afford to oppose the principle. Yet the headaches begin when it comes to defining what facts are pertinent in a labor-management dispute and what power a government agency should have to extract those facts.

The National Labor-Management Conference could not agree on fact-finding as an aid to minimizing strikes. It set up a committee to delve further into it. So President Truman handed the problem to Congress. Congress blithely mounted the maverick and rode off in all directions. Some say that the President anticipated that this bucking bronco would keep Congress too busy to pass laws drastically restricting union activities before the 1946 elections.

**THE NEED for facts about business and labor should not be made an argument for greater government control of worker and management**

Another possible motive was to force labor and industry to come to terms by showing the alternatives to mutual agreement. The President left himself a loophole, however.

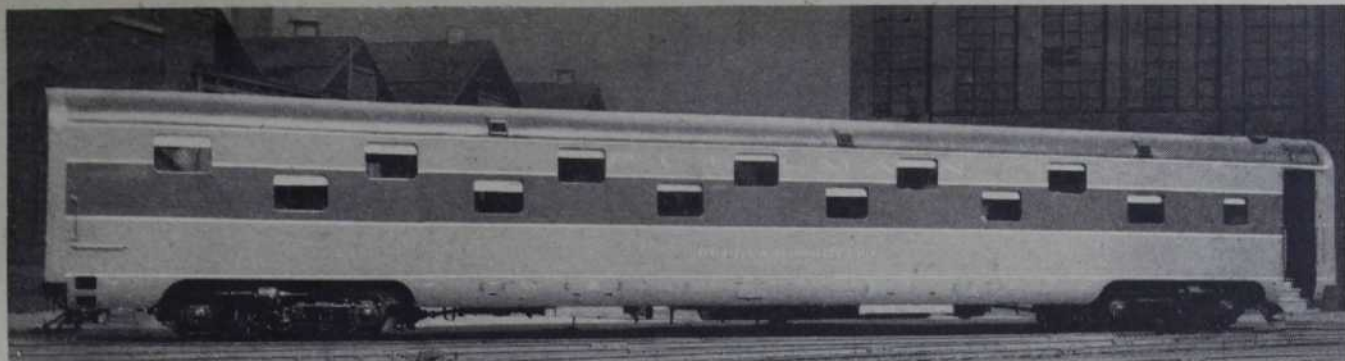
"Sources close to the White House" sounded a warning that the President would veto any bill that went beyond the limits fixed in his fact-finding message. Labor and management spokesmen lauded the principle of fact-finding, but

opposed the bill as written. Labor said no new law is necessary. Management wanted to write the law to regulate union activities. Congress stopped the hearings, promising to make a thorough study after the holidays. The threat of action will be held over the heads of labor and management during the critical days of reconversion.

The fact-finding experiment is not dependent upon Congress, however. President Truman proceeded on his own wartime authority to appoint fact-finding boards in the oil, automobile and steel industries. These boards will set a pattern for other boards and for action by Congress.

The Railway Labor Act is held up as the model for the President's program for minimizing strikes in other industries. As far as prac-





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dicable the oil, steel and automobile boards will apply the procedures of the National Mediation Board and the emergency boards appointed by presidents in past railroad disputes. If this process works on a voluntary basis, there may be no need for another federal law.

### Railroad facts are known

SUPPOSE we accept, for purposes of discussion, that the Administration will use the Railway Labor Act as a model upon which to build a permanent structure for improving labor relations, even to recommending wage increases based upon facts related to industry's ability to pay.

We discover at once that facts available for industry as a whole are not comparable to those which are available to the fact-finding boards functioning in railway labor disputes. Every month the railroads, under oath, give all financial and management details with a bearing on wages. The record goes back many years. Labor, management and the Interstate Commerce Commission know the facts at all times. An emergency board appointed to make wage recommendations in a railroad dispute does not need to spend time on investigations. It listens to arguments based on known facts, and makes a recommendation which usually is near enough to what each side has privately found to be fair to justify acceptance. This availability of facts on earnings and wages for every railroad is largely responsible for the acceptance in almost every instance of the findings of the fact-finding boards in that industry.

There is no similar compilation of current information for the automobile, steel, oil and bus transportation industries and the fact-finding boards appointed by the President cannot possibly assemble one in the 20 days allotted them. Nor does the fact-finding bill introduced in Congress at the President's suggestion provide for compiling such current information.

For many years, however, the Government has been working to increase the available information on all industries. In wartime we have moved swiftly to obtain the facts needed for successful operation of war industries. Such a job was done by the War Industries Board in 1917. A succession of war boards did an emergency job in World War II. Best known were WPB, OPA, NWLB. Between wars Congress relaxes its interest in facts. Enough is saved of the basic idea to make slow progress.

Fact-finding boards of the future may look to the Federal Trade Commission for the compilation of industry facts which for the 86 industries covered will approximate the information on railroads compiled by ICC. This, of course, assumes the FTC's probable continuance of the industrial corporation reports which were begun in 1940 but which were interrupted when it was decided that war emergency agencies, endowed with war powers, could produce the needed facts more quickly.

### FTC can gather facts

PERSONS distressed at President Truman's suggestion of fact-finding boards to make public findings of the issues involved in labor-management disputes should read the powers granted to FTC in 1914. The Norton-Ellender fact-finding bill would provide no more detailed information on production, profits, wages and ability to pay increased wages than FTC already is empowered to gather under the Act of 1914 which authorizes it:

"(a) To gather and compile information concerning, and to investigate from time to time the organization, business, conduct, practices, and management of any corporation engaged in commerce, excepting banks and common carriers, subject to the Act to regulate commerce, and its relation to other corporations and to individuals, associations and partnerships.

"(b) To require, by general or special orders, corporations engaged in commerce, excepting banks, and common carriers subject to the Act to regulate commerce, or any class of them, or any of them, respectively, to file with the Commission in such form as the Commission may prescribe annual or special, or both annual and special, reports or answers in writing to specific questions, furnishing to the Commission such information as it may require as to the organization, business, conduct, practices, management and relation to other corporations, partnerships, and individuals of the respective corporations filing such reports or answers in writing. Such reports and answers shall be made under oath, or otherwise, as the Commission may prescribe, and shall be filed with the Commission within such reasonable period as the Commission may prescribe, unless additional time be granted in any case by the Commission."

\* \* \* \* \*

"(f) To make public from time to time such portions of the infor-

mation obtained by it hereunder, except trade secrets and names of customers, as it shall deem expedient in the public interest . . . and to provide for the publication of its reports and decisions in such form and manner as may be best adapted for public information and use."

Now that Congress may give FTC more funds to function again as a fact-finding agency, it becomes pertinent as well as interesting to review the type of information FTC gathered in the short period in 1940 when it had funds with which to operate. The plan of the 1940 project, formulated with the assistance and approval of the Bureau of the Budget, was "to aid in promoting orderly business operations and more stable employment."

The facts gathered, according to official statements, "provide the Government with the basic information for use in formulating its over-all policy of industrial control . . . a knowledge of business facts essential to the development of sound economic and financial policies."

### Old information released

FINAL reports on the 1940 studies were not made until March 15, 1943, which shows how long a union might conceivably be forced to "cool off" while waiting for a special fact-finding board to make an investigation.

However, the facts, although they were not published at once, were available to the Government and greatly helped preparation for the war.

FTC industrial corporation reports, covering 86 industry groups and 2,686 corporations, provided information on costs and expenses, including direct material, direct and indirect labor, depreciation repairs and maintenance, corporate taxes, social security taxes, research and development and other operating costs, selling and delivery expenses, advertising, administration and general office expenses, net profit before uncollectible accounts.

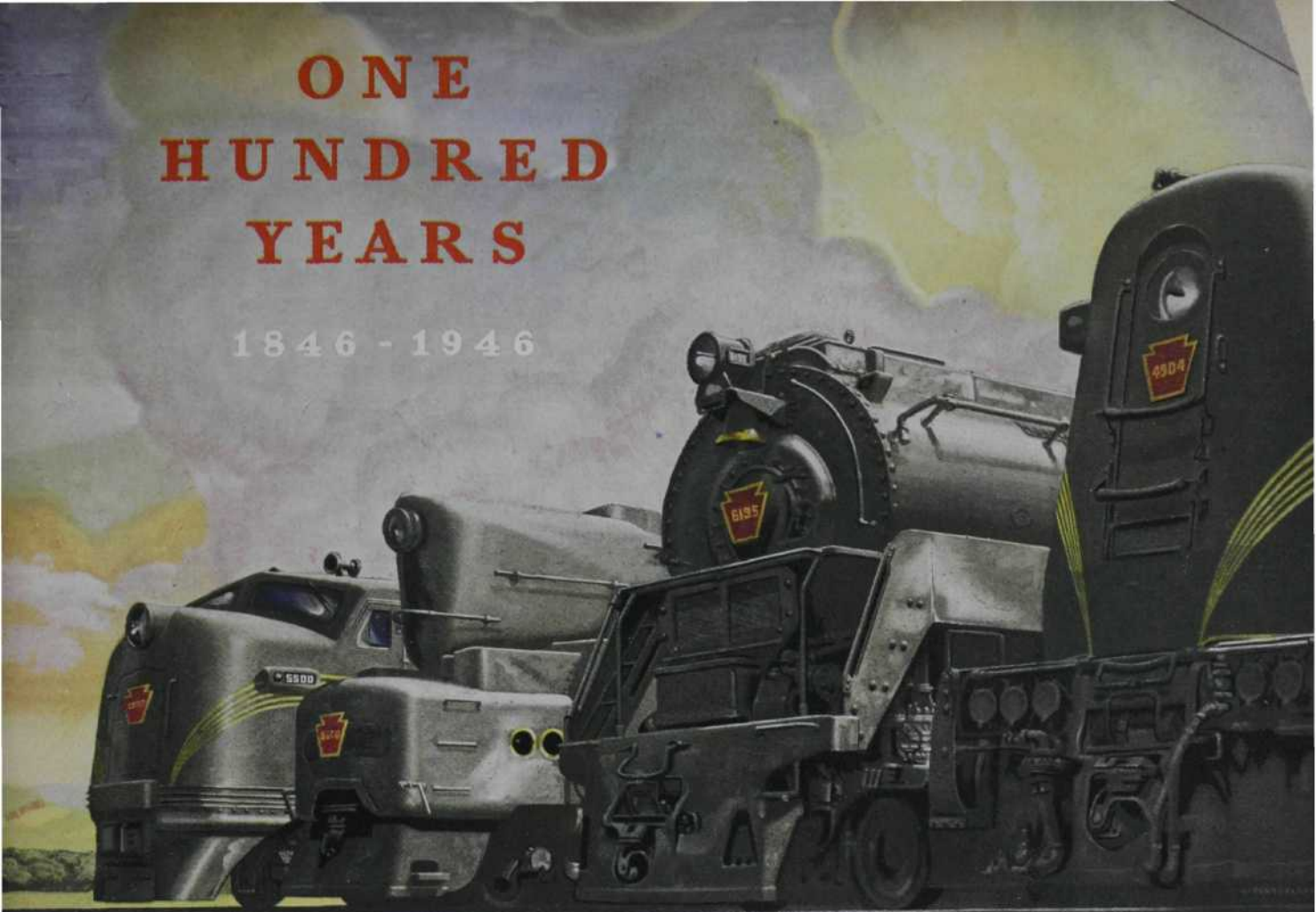
One interesting chart showing the background of wage data submitted to FTC covered the ratios of compensation to employees (except officers) to net sales.

Other departments of government have been organizing machinery to gather and analyze the facts of industry. The Department of Commerce has been busy for many years, particularly in the Census Bureau. The Department of Labor has been concentrating on labor facts, particularly in the Bu-



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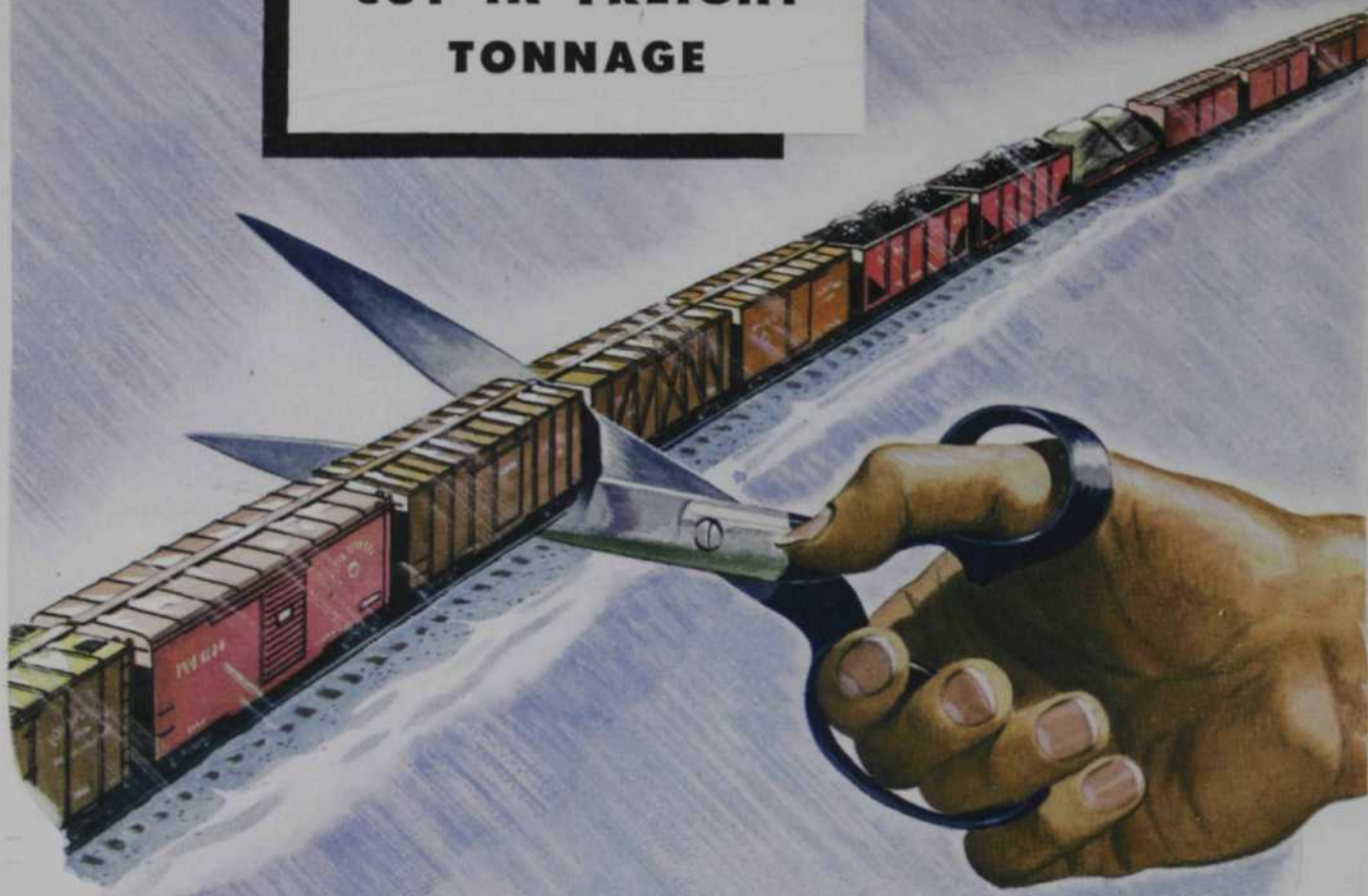
THIS YEAR—1946—marks a century of progress by the Pennsylvania Railroad in service to the American people. Reflecting the tremendous industrial growth of the Country itself, this service has steadily advanced from a few trains a day to 1,340 passenger trains and 3,170 freight trains daily, operating over 10,114 miles of line extending from the Atlantic to the Mississippi. Now, as we prepare to move into a second century, our combined research, engineering and shop facilities are producing new trains, new locomotives, new cars, new comforts and new technical achievements . . . to add still another chapter of transportation progress that has continued for one hundred years.

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reau of Labor Statistics and in the Wage-Hour Division. The Department of Interior has compiled material on coal and oil. Facts about corporations are available in minute detail through the Securities Exchange Commission and the Internal Revenue Bureau of the Treasury.

The files of the war agencies are open to government fact-finding committees—WPB, OPA and NWLB. Congressional investigating committees have compiled tons of industrial data. All of this material is available to the President's fact-finding committees. Much of it is available to the public, particularly if it reveals no facts about individual companies. Disputants will draw on it for facts to support their arguments.

SEC has provided information about listed corporations for the use of unions in collective bargaining negotiations. SEC information enables the union to determine the company's ability to pay more wages, provides a guide to wage demands. At least the union negotiator is armed with facts with which to answer the plea that the corporation is financially unable to pay higher wages.

### Internal Revenue has facts

THE Internal Revenue Division possesses basic data on incomes of all employers. While this information is not available to outsiders, including unions, it is still possible for other government agencies to check with Internal Revenue to determine whether information gathered independently is close enough to the mark to be used with confidence. Internal Revenue will not be a practicable source of information for collective bargaining purposes, however, because the facts are about two years old before they become available.

The Census Bureau collects information on labor costs, but does not break it down sufficiently for collective bargaining purposes except to provide data on general industry conditions.

RFC has detailed information on costs and profits in the oil industry. When President Truman seized the plants struck by CIO Oil Workers and appointed a fact-finding board, the union asked that information in the possession of government agencies be made part of the record in the case. The request was not granted. When the union asked directly for cost and profit facts, RFC refused to make them available. The union bitterly protested that the President took away its bargaining power by breaking the

strike and then substituted a board without power to get essential facts.

The Commerce Department prepares industry profit figures, but provides no breakdown and no relationship of earnings to net worth. Recently OPA has supplied this missing item, but OPA may not last long.

### Lack of coordination

MANY efforts have been made to coordinate the fact-gathering and fact-reporting work of government agencies. Presidents make recommendations. Congress adds its own touches in translating executive suggestions into laws. Very often good plans are not carried out because Congress fails to appropriate funds, as was the case with FTC's industrial corporation reports from 1914 to 1945, with the exceptions of the project carried out in 1940. Much of the existing administrative machinery for gathering facts has been developed piecemeal. Congress shies at any comprehensive plan for economic fact-finding.

The Executive Office tries to keep the individual parts functioning without too much duplication of effort through liaison committees or some such device as the Central Statistical Board. These groups do the spade work of formulating government policy in economic matters, including the selection of what facts are needed.

### Business and unions seek aid

BUSINESS has its representatives who cooperate with government officials in seeking facts helpful in formulating business policies. Similarly, unions have their representatives who want more and more facts about business and industry, about how people spend their incomes, about employment (they now are seeking more data classified by states and localities), about wages in key operations (they now want the data broken down by localities).

One of the unions' principal complaints is that the Government's fact-gathering is not done frequently enough to serve collective bargaining purposes. The census of business is taken once in ten years; labor wants it done every two years, but will settle for five-year periods. Labor wants employment data, at least reports on the labor force, gathered quarterly and by cities and other groupings so that dangerous employment shifts may be discovered in time for the Government to take cor-

rective steps. For instance, the migrations which will take place during the reconversion shifts of 1946 should be charted for the guidance of labor, management and government.

What facts are not now available for a fact-finding program directed toward maintenance of a sound economic balance? Economists and research directors employed by labor unions insist that comprehensive information should be available on profits, income from sales, labor costs, other costs of production, profits—before and after taxes—and earnings on net worth.

This information is available for the railroads but not for other industries. It would help in determining whether workers are getting enough wages to attain and maintain a proper balance of purchasing power.

Government officials tend to share labor's views with respect to distribution of purchasing power through reduction of costs of goods to the consumer. They oppose wide unit profit margins.

### Two theories of profits

ROBERT E. FREER, chairman of the Federal Trade Commission, phrased his idea in this manner:

"There may be a sort of efficiency in profit-taking that rests upon the existence of high profit margins per unit of goods produced, thereby maintaining or increasing prices, restricting output, decreasing consumption and creating unemployment. . . . The cultivation and pursuit of that sort of efficiency has been popular in many of our principal American industries. . . . On the other hand, increased profits may result from reducing the profit margin per unit of goods produced, thereby reducing price and increasing competition. This is the true theory of efficiency as a competitive economy."

Walter P. Reuther, vice president of the CIO Auto Workers, strategically aligned himself with the government view on profits when he declared that the union wanted no increase in wages that would result in increasing the cost of automobiles to the public. He challenged General Motors to prove that it could not increase wages 30 per cent without raising prices and still make a profit. GM refused to argue that point, insisting profits are none of labor's business. Reuther demanded that the fact-finding panel for the automobile industry make a finding on that fact. He declared that his union was making a fight to increase the



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purchasing power of workers and would not be a party to raising commodity prices at the expense of the public.

If all unions embraced a policy of demanding that prices be reduced rather than wages raised whenever profits increased above a "fair" return to the stockholders, our profit system would be radically changed. If, however, workers shared increased profits while prices remained unchanged, some workers would get rich while equally efficient workers in other plants would not share in the 50 per cent increased living standard forecast by government officials. Again we return to the question of a balance of wages, also the question of who shall decide what should be done. Individual employers have made the decision both ways. Sometimes they become unpopular with other employers for "price cutting" and for "upsetting the wage balance."

Here, then, is the situation: We have a big government machine for gathering and reporting essential facts about industry. Additional facts helpful to fact-finding boards can be made available through authorized agencies to the extent that Congress appropriates money for doing the job. Finally, fact-finding boards are already functioning. Why, then, does the Administration ask for more legislation?

### To discourage strikes

**THEORETICALLY**, the Administration answer is that Congress should:

1. Invest fact-finding boards with subpoena powers similar to those exercised by the National Labor Relations Board so that the boards may question corporation officials about production, wage and profit details pertinent to wage considerations;

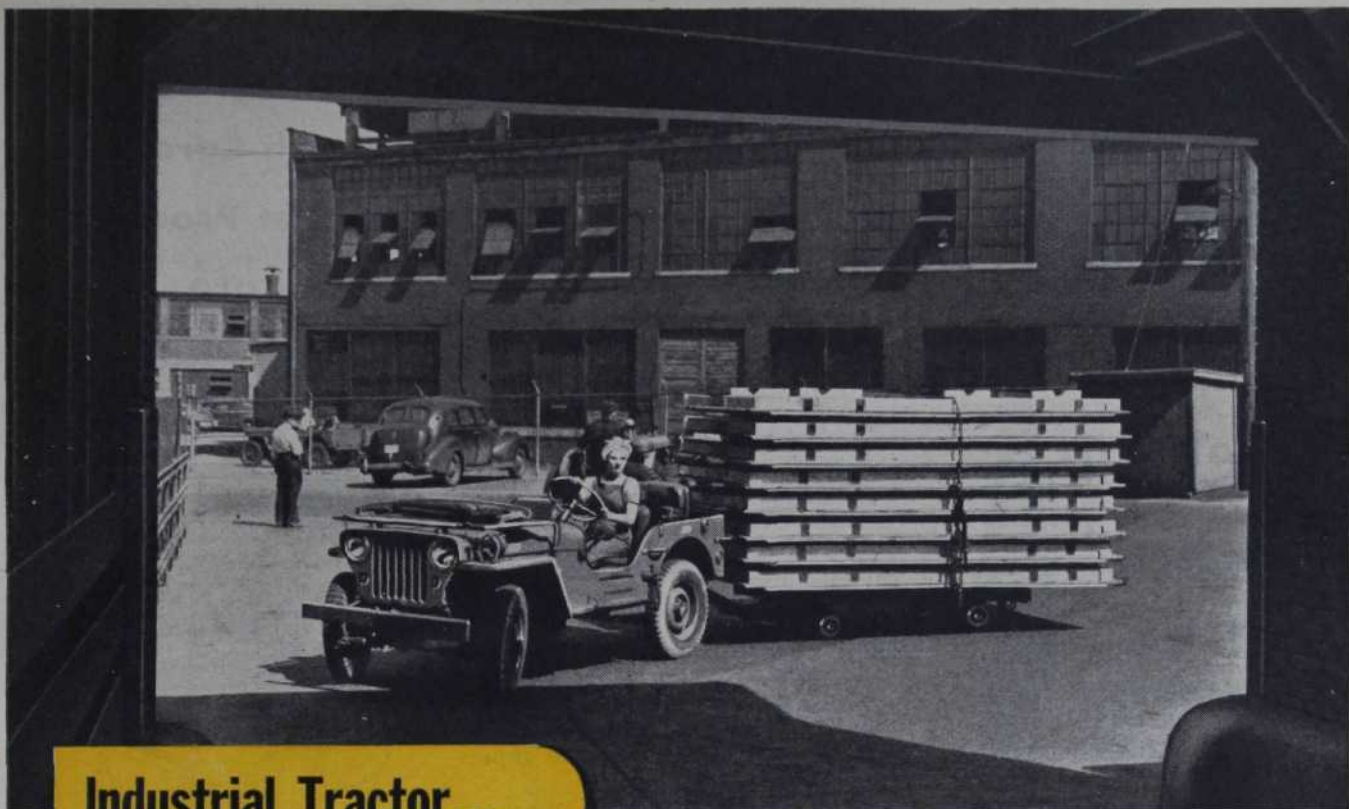
2. Forbid strikes while investigations are being made;

3. Compel other government agencies to reveal to fact-finding boards any information which may be requested.

Practically, it is hoped that this recipe will be distasteful enough to management and to labor to persuade both sides to fall back on voluntary fact-finding procedures, or at least that congressional deliberations will continue long enough to carry over the reconversion period without too drastic interferences with present collective bargaining procedures.

Too many cooks are at work to





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permit safe prediction on the final ingredients of the fact-finding recipe.

A case for fact-finding on a voluntary basis is made by management as well as labor spokesmen. It is based on a conviction that government should make more facts available, but should not issue findings on those facts as long as there is any possibility of labor-management agreement.

#### Voluntary fact-finding

ONE of the most successful demonstrations of industry-wide voluntary fact-finding procedure has been made in the garment industries. Beginning in 1910, when the famous Protocol of Peace was signed after the cloakmakers' strike, men like Hamilton Holt, Morris Hillquit and Louis Brandeis worked with the leaders of labor and management in the industry to shape a system of arbitration, joint boards, and impartial chairmen which neither side would now exchange for government supervision.

The Ladies Garment Workers, AFL, did the pioneering job in the industry. The Amalgamated Clothing Workers, CIO, has followed the pattern, with variations. Impartial chairmen function in other garment centers like St. Louis and Chicago. In New York City alone, piece rates are set every year for 150,000 dress styles under this voluntary machinery.

Employers and union leaders shudder at the thought of what would happen if a government fact-finding board tried to do that job, particularly if it had to do it in time to meet seasonal deadlines.

Voluntary fact-finding is a slow process. It requires sincere cooperation of labor and management and an intelligent appreciation of responsibility for social and economic welfare of the nation. It requires freedom of enterprise, particularly for the small employer, and continued watchfulness against monopolistic tendencies.

Many small employers want freedom to pay higher wages or to share profits with their employees as well as to negotiate lower wage rates if they are not able to pay rates as high as those of a big corporation. Labor believes in encouraging cooperative enterprises as another governor of wage and price relationships. Public sentiment seems to favor more facts about business and labor, but does not want fact-finding made an argument for greater regulation of business as well as of labor.

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## Homemade Economic Weather

(Continued from page 56)

suggested it be withheld from publication. Gloomy report or no, Minneapolis itself expects to have 47,000 more peacetime jobs than prewar, with St. Paul showing an equal if not greater improvement.

New fresh winds also seem to be blowing on the embers of enterprise in the lower Great Plains region. At Wichita, Kan., for example, the business leaders got a wartime taste of what it is like to have an economy with a strong manufacturing flavor added to their basic agriculture and mining activities. As a result, they have raised a research fund of \$500,000 to find out how they can continue and expand industrialization and commercial enterprises based on local raw materials and economic opportunities. A similar \$500,000 research program is under way in Kansas City. Business men in Albuquerque and Denver have caught the same urge to improve their economic climate through research.

### Industry in better balance

EVEN some of the coastal cities with acute "boom town" problems have taken a strong hand in tailoring their postwar economic climate to fit their new size and problems. San Diego faced the prospect of finding peacetime jobs for more than 100,000 workers who came there to work in her mushroomed aircraft plants and shipyards. Since her prewar economic climate had been long on the sale of sunshine and scenery but short on industrial and commercial jobs, it looked like bad weather ahead. But that was before the local business leaders had spent a lot of thought and time, plus \$70,000 for research, on what could be done with local assets to build new enterprise and new jobs. Their report was 1,303 pages long, but out of it are coming sound prospects for 42 different new industrial and commercial opportunities which will put them within reach of their post-reconversion goal of 158,000 jobs.

Tampa, Fla., faced with the need of adding industrial strength to a prewar economy heavily dependent on "resort" income, is expanding into the cattle and poultry raising fields. Business interests have encouraged Tampa to set up a new Port Authority, and have drawn up plans and arranged financing for a huge grain elevator

and a \$250,000 terminal stockyard including loading ramps, auction pens, and office facilities for livestock merchants.

These are random examples of community and regional efforts to do something besides talk about their own future economic climate. But no community or area has a corner on this new climate-improving spirit or its practice. As one measure of its extent, more than 2,900 towns and cities have formed community Committees for Economic Development on which business leaders from local chambers of commerce, service clubs, together with leaders from labor, agricultural and civic groups, are serving to put this economic climatizing formula to work in their towns.

### Employment up 24 per cent

THEIR original goal was to plan for a business expansion of 30 to 45 per cent over 1940 which should provide 7,000,000 to 10,000,000 new jobs. Surveys, made after three years of effort at such grass roots planning, show expected employment increases ranging around 24 per cent. Such an increase, applied against the figure of 46,500,000 jobs in 1940 would give more than 11,000,000 new jobs.

But here the factor of economic climate enters again. These new jobs are still largely in the planning stage. If they become realities they will not only contribute to a healthier economic climate in their own communities; they will in large part determine the national economic climate. The critical factor is that unless the employers who have made these plans believe we are going to have a favorable economic climate after reconversion, they won't go ahead and translate their plans into jobs.

Those persons who pooh-pooh the importance of confidence in the working of our free enterprise system would do well to ponder this fact. Those who use the term "economic climate" too loosely might well ponder it still harder.

The conclusion seems inescapable that the favorable economic climate we all talk about and all want is a combination of faith and works. Neither is a substitute for the other. In the past five years we have done prodigious works. It would be a tragic time in the history of our economic system to lose faith.

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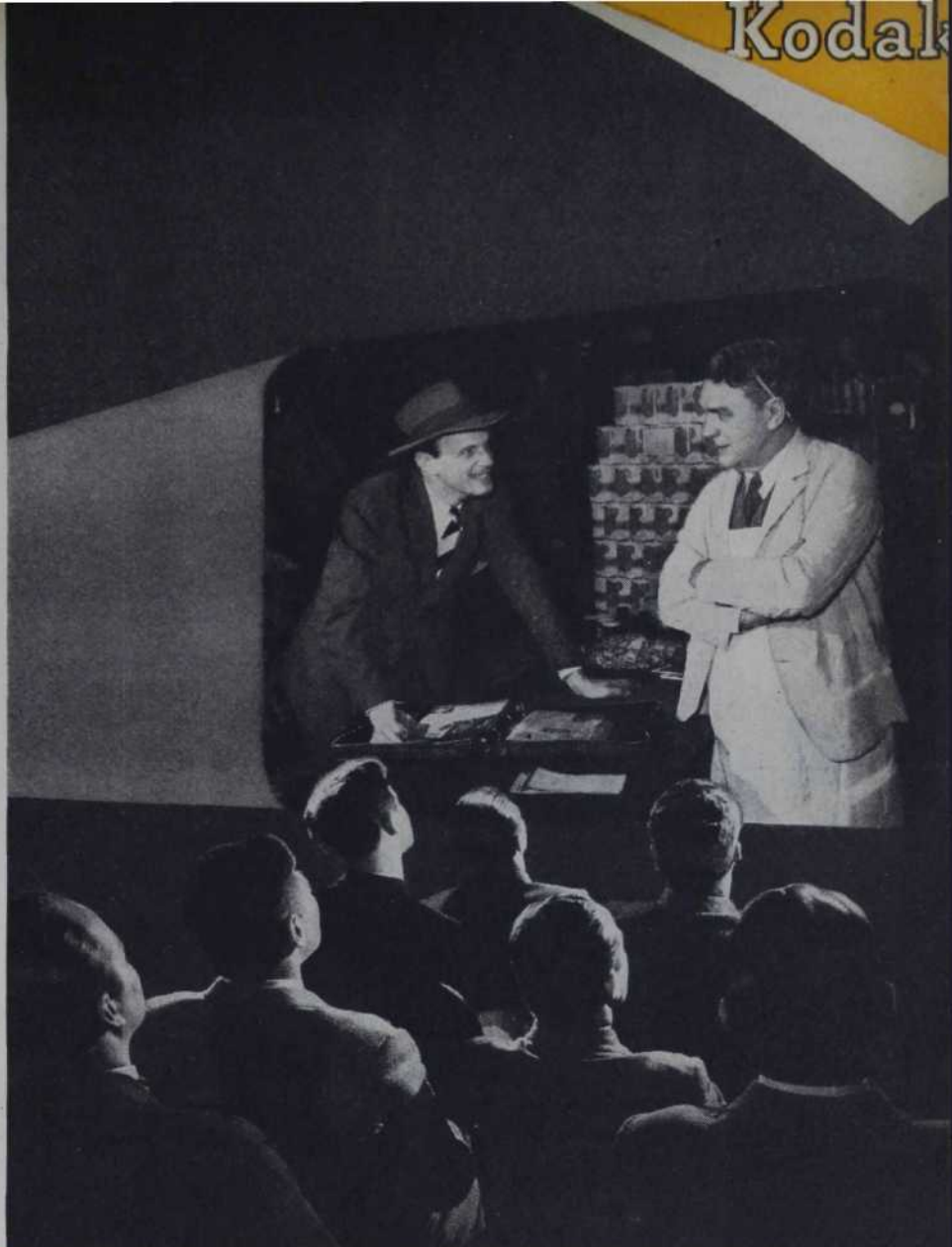


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## with training film "show-how"

films make learning easier, more attractive. Faster, more lasting!

**Help your men "over the hump"** . . . There are commercial producers . . . specialists in the production of such movies and slide films . . . in key cities everywhere. Start working with one of them on your problem now—and you'll soon have just what you need to make your sales staff the hard-working, hard-hitting organization you want it to be.

EASTMAN KODAK COMPANY, Rochester 4, N. Y.



# Radio Can Tune Out



**PEOPLE LOVE the radio for what it brings them, yet the minority that finds fault with radio has many listeners**

**R**ADIO has plenty of shortcomings. An industry which, within 25 years, has come from scratch to serve 90 per cent of the American people, cannot be flawless. Let's haul some of its shortcomings out into the light and ventilate them, with a mean eye to correction.

Most people—at least in broadcasting—will agree that current complaints about radio disclose these three conditions:

1. An active minority of self-appointed critics know that it is easy to stir up a large clamor by disinterested or self-interested attack on a vastly popular service.
2. Radio itself has failed utterly to inform the public, clearly and continuously, of the basic conditions under which broadcasting

is carried on, and of the full dimension of its service.

3. Certain segments of radio itself have drifted into abuses which draw justifiable objection from the public; though these offending segments probably do not add up to 10 per cent of the whole, radio in general gets the blame.

Before analyzing these shortcomings, let's look at U. S. radio's national background:

A spigot or a switch in your home turns on water, heat, light, gas. Whatever you intended to do with these forces you go about doing without unusual emotion—unless the service has momentarily failed.

But turn the knob of your radio, any second from dawn to midnight, and a steady flow of sound pours not only into your ears but into your mind. It may be musical sound, which stirs up or calms

down certain emotions. It may be human speech. The voice may be persuasive, informative, inspiring—or the opposite. It may speak in the idiom of the stage, schoolroom, pulpit or town crier.

But, whether music or voice, grave or gay, bright or dull, radio sound *catches* in the fabric of your emotion, and pulls it smartly, with or against the grain. In that respect, the product of radio is unique among services to mankind. That is why the problems of amiable understanding between listener and producer are not ordinary.

Unlike a standard manufactured product, every radio program is a "custom" job. Every show is a "first night." Unlike the stage, which plays the same performance night



# Its Critics

By PAUL HOLLISTER



after night, or the screen, which runs the identical reel over and over, radio almost never repeats a performance. More rapidly and directly than in any other industry, the shape and purpose of the product of radio are determined by the emotional reaction of the consuming public. A program "not wanted" can be swept off the air overnight. A new program idea can be tried out on a severe jury of millions in a matter of hours or days. In no other industry is the product so sensitive to ~~swift consumer~~ reaction, so quickly measurable by research methods, and so flexible of correction.

Before there was any radio the only sizable medium of exchange of current ideas was the press. The press depends (as does radio) substantially on revenue from advertisers, or (as radio does not) on private subsidies, for its solvency.

In the early days of radio an inordinate skittishness toward the new medium was apparent in the attitude of the press. Several developments have since converted those

freedom of speech. Some 300 newspapers are now affiliated with radio stations. The major wire services feed news to, and are fed news by, the major networks.

The press advertises on the air; the radio advertises in the press. Magazine revenue continues to rise. Newspaper revenue is on the mend. The events and mechanisms



and people of radio are increasingly useful "copy" to the press, as those of the press are useful copy on the air.

But the vocal minority, by the very virtue of radio's almost total public acceptance, can, and does, thump a booming tub by mere attack on the medium.

Every day is open season for free-lance snipers at radio—whether they're special pleaders for a pressure group, legislators, ladies with their neighbors on their minds and time on their hands, professional reformers, or merely mischievous folk seeking bids on their own nuisance value. Too often, their record of actual listening is loose as a sack, their misinformation ample, their documentation porous. But they make a great clatter—and radio (itself hypersensitive and naive) is put too often in the ungainly attitude of repeating, "Oh, no! Not so—not so at all!" Dashing attack on a popular topic is always more spectacular than factual defense.

But nothing is to be lost by citing and facing the more familiar "lines" of criticism:

"The World Series of 1945 was dull baseball. The radio jazzed it up."

"A soldier wrote me that he liked the American programs he heard abroad emasculated of their sponsor's commercials."

"Only morons listen to serial drama."

"Mispronunciation is the rule rather than the exception."

"When things get bad enough, the Government will have to step in and run radio."

"There is too much music on the air" (a common complaint after President Roosevelt died). Or "There is too little 'good music.'"

"There is too much news." Or "Too little." Or "Sponsors dominate sponsored news." Or "The present restrictions are a challenge to advertisers to be smart rather than sincere." Or "The commentator too often preaches his own opinion as gospel, too seldom analyzes both sides."

And so on.

This is no whitewash, so we will not reply. Luckily for freedom of speech, it takes all shades of personal like and dislike to make up a free nation. To these familiar attacks there is an obvious antidote. To silence the vocal minority whose



earlier fears into an attitude of *laissez-faire*, verging today on realistic fraternity of function and common cause in the defense of



literary stock-in-trade is pointing out What's Wrong, the antidote is to spread the facts of radio so widely and clearly that general credence for the radio-baiter evaporates in enlightenment.

A corollary antidote is deep and honest examination, by radio, of every constructive suggestion that every qualified listener has to offer on every level of society, and the adoption of all therein which may

ment, of austere editorial anonymity. This stems somewhat from the fact that, as an industry, radio is loosely organized. It has no political organization. At least 900 of radio's total of, say, 950 stations in the United States are independent no matter which network-service they draw on—and more than 300 of them use none. By and large, your station owner will beat the head off the drum for someone else

audience something it wants, and keeping an over-all balance, our showcase of programs will be more eloquent than any picture of our factory or description of our processes."

Right or wrong, that is radio's attitude—and there are seasoned radio people who claim that the story of radio itself simply can't be told at the high level of listener-interest the audience has come to expect of the medium.

The result is a striking lack of basic information among thinking listeners who ought to be radio's staunchest defenders. You are a thinking listener. How many of the questions opposite can you answer?

### Must broadcast itself

AND the radio industry, in neglecting the public relations job of exhibiting not only the picture but the frame, has let itself in for many unnecessary headaches.

Antidote? Surely a forthright course of education *about itself* is not too much of a challenge to an industry which prides itself on its ingenuity, its skill in making important things dramatically easy to understand, and its proven power to encourage most of the people most of the time to do a great many reasonable things as in wartime.<sup>1</sup> It isn't too late for such a course of sprouts.

Radio has proven that it is a great deal stronger than its weakest links, but those links handicap its service to the people. Maybe a cavalier disregard by a die-hard broadcaster of the need for free partisan discussion is within his literal rights—but that narrow course is not in his own long-range interest. Maybe there is revenue to be had from religious organizations, but is it the best long-range policy to sell time for sermons?

Maybe a salesman who outfoxes the spirit of the rules, or a comedian who by inflection incites a smutty titter, is a clever fellow and deserves promotion. Then again maybe he is doing a disservice to the medium and thus to his sponsor and himself.

The restraints voluntarily imposed by broadcasters, and almost wholly accepted and respected by sponsors and their agencies, were not arrived at lightly. They are the composite code of more than 900 highly individual broadcasting companies. The code has not yet

<sup>1</sup>In 1944, for instance, using broadcast time totaling 3,169 hours, a single network broadcast 14,206 war messages, of which 1,742 hours were paid for by sponsors, the balance paid for by the network; the Government paid for none. These programs covered 60 separate "war campaigns."

## Are You Up on Radio?

HOW MANY of these ten random questions bearing on radio's standing with the public can you answer correctly? Turn to page 83 for the answers.

1. What portion of the total time of a sponsored broadcast is permissible for commercial announcement?
2. How many U. S. families own how many radio sets?
3. How much does the average radio family listen?
4. When the President goes on the air, who pays for the time?
5. How many stations are owned by networks?
6. What is the proportion of network programs sponsored by advertisers, to programs without any advertising which are broadcast in the public interest?
7. What symphony orchestras are broadcast each week?
8. What is taboo on the air? Who decides?
9. What is the maximum term granted a station by the FCC license to operate?
10. How is a full-network program provided simultaneously and clearly to an audience of, say, 25,000,000 people in 48 states?

The radio listener who can score 100 on this simple quiz is the rare exception. Yet the answers, and dozens more as pertinent, are essential to view American radio in its true perspective and frame.

be good for the greatest number of listeners. For such suggestion radio is wide open and eager.

Radio is the barefoot shoemaker's child. Preoccupied with dispensing information about everything else, it has made no systematic effort to bring its audience up to date in a simple explanation of *why* and *how* you hear *what* you hear.

Why this paradox?

The answer must be composite. Believe it or not, management in radio has a complex of self-efface-

—for free or for pay—but he will hide blushing under a cabbage leaf at the prospect of exploiting himself. That, in turn, is partly because he is seasoned and cynical enough to know that his own story, even well told, might not compare in audience value with a top comedian or orchestra or drama.

Whatever the underlying cause, radio has failed to tell its own story. It is shy about "protesting too much"; it says in effect, "So long as we stick to our last, giving every segment of a vast and varied



been made which could not be evaded—or improved. Looking backward to the rampant quacker-ies of radio's early wildcat years, it would seem that the future bears promise, and that the square-shooting, thoughtful and ingenious practitioners know who the offenders are, and have them earmarked for early discipline.

### Variety in the schedules

IT should be fairly apparent by now that your correspondent has no intention of whitewashing radio. The whitewash brush isn't made that could cover an area of 12,000 station-hours-of-broadcasting per day, seven days a week, around the year . . . split up each day into perhaps 25,000 or 35,000 different station-programs. No whitewash brush, nor tar brush, can paint all white or all black a total schedule of which music constitutes about one-third, drama about one-fourth, news and sports one-sixth, variety and comedy about an eighth—and which ranges through education, discussion and religion to offer the whole people the greatest variety of free diversion ever submitted to *any* people.

The safest course for the sincere judge of radio is to listen long and earnestly to *all* its offering, choose his own preferred type, and then seek all of that type on the air. He will either find himself well repaid, or he will not; if he does, he will say thank you, by postcard to the station or network, or by purchase of the sponsored product. If not, he will make his wants known, and as fast as they become mass wants, they will be met.

For radio's business, and its only business, is to provide what most people want most of the time, meeting as many individual wants as a limited air and clock permit. This does not mean excluding from the air programs beamed at minorities of taste. In a given week, on a single typical network, more than 80 programs of the sort of music, drama, book review, public discussion, science and religion one doesn't hear on commercial broadcasts, are on the air. If "mass demand" seems to minimize the precious and the exotic, then so does the democratic process itself. If those who believe that radio should carry nothing but earnest exhorting or teaching were to have their way, the schedule would become a monumental yafest, and the actual audience would shrink in a week to a ghost of its present hearty dimensions.

To some degree that disaster

# INSURANCE CALENDAR



**On February 26, 1845,** Buffalo Bill Cody was born—nine years after the Colt Revolver. Both helped push the great American frontier westward, eliminating hazards, establishing security. If you substitute the hazard of fire for that of redskins,

you'll find in his wake, a similar tradition carried on by leading capital stock fire insurance companies and their sponsored National Board of Fire Underwriters—solemnly dedicated to eliminating hazards and establishing security for you.

1946—FEBRUARY hath 28 days

"Yesterday will not return for you"

## ASTRONOMICAL CALCULATIONS

EASTERN STANDARD TIME

FEB.	Latitude +30°		Latitude +35°	
	SUNRISE	SUNSET	SUNRISE	SUNSET
1	6:51	5:37	6:59	5:28
6	6:48	5:41	6:55	5:33
11	6:44	5:45	6:51	5:38
16	6:40	5:48	6:46	5:43
21	6:35	5:53	6:41	5:48
26	6:30	5:57	6:35	5:52

FEB.	Latitude +40°		Latitude +45°	
	SUNRISE	SUNSET	SUNRISE	SUNSET
1	7:09	5:18	7:21	5:06
6	7:05	5:24	7:15	5:14
11	6:59	5:30	7:08	5:21
16	6:53	5:36	7:01	5:28
21	6:47	5:42	6:53	5:35
26	6:39	5:48	6:44	5:42

FEB.	Latitude +30°		Latitude +40°	
	MOON-RISE	MOON-SET	MOON-RISE	MOON-SET
1	6:37	5:12	7:03	4:47
3	8:03	7:17	8:20	7:02
5	9:17	9:23	9:23	9:21
7	10:28	11:30	10:21	11:41
9	11:46	12:35	11:27	12:52
11	1:23	2:48	12:55	3:14
13	3:20	4:51	2:52	5:23
15	5:27	6:31	5:06	6:53
17	7:27	7:48	7:17	7:59
19	9:18	8:51	9:21	8:52
21	11:05	9:52	11:19	9:41
23	1:49	10:58	12:18	10:37
25	3:37	12:18	2:15	11:50
27		1:58	4:06	1:29

To obtain local times of sunrise and sunset: for longitudes other than the standard time meridians (i.e., 75°, 90°, 105°, and 120°), for Eastern, Central, Mountain, and Pacific Standard Time, decrease the time four minutes for each degree east of the standard meridian, or increase the time four minutes for each degree west of the standard meridian.

- 1—Fr.—☾ **New Moon, 11:43 P. M., E. S. T.**
- 2—Sa.—☼ **Ground Hog Day**
- 3—Su.—If you are planning to buy more insurance, do it now. In upset times delay may prove costly!
- 4—M.—1935, Issue of "Baby Bonds" authorized
- 5—Tu.—1945, Yanks liberated Manila
- 6—W.—1892, Hotel Royal, N.Y.C. fire—28 perished
- 7—Th.—1894, Babe Ruth, King of Swat, born
- 8—Fr.—☾ **First Quarter, 11:28 P. M., E. S. T.**
- 9—Sa.—☾ 1867, Nebraska admitted to Union (37 State)
- 10—Su.—1884, Great Ohio Valley floods
- 11—M.—1847, Thomas Edison, wizard inventor, born
- 12—Tu.—**LINCOLN'S BIRTHDAY**
- 13—W.—Checks on property insurance should be regular, frequent, through your Agent or Broker
- 14—Th.—St. Valentine's Day
- 15—Fr.—☼ **Full Moon, 11:28 P. M., E. S. T.**
- 16—Sa.—☼ 1944, U.S. task force attacked Truk
- 17—Su.—1945, Battle for Iwo began
- 18—M.—1930, Planet Pluto found. Looked like this (•)
- 19—Tu.—1878, Phonograph patented by Edison
- 20—W.—1917, U.S. purchased Danish West Indies
- 21—Th.—1912, Houston, Texas fire—\$4,500,000 loss
- 22—Fr.—**WASHINGTON'S BIRTHDAY**
- 23—Sa.—☾ **Last Quarter, 9:36 P. M., E. S. T.**
- 24—Su.—☾ 1943, Round-the-clock bombing of Germany began
- 25—M.—1836, First patent to Colt for a revolver
- 26—Tu.—1845, Buffalo Bill (William F.) Cody born
- 27—W.—1883, First cigar rolling machine patented
- 28—Th.—With rates so low it simply isn't horse-sense for your property to remain under-insured!

**OBSERVATION for February:** Have you reconverted your business? Have you covered it with adequate property insurance, as of today's replacement prices? If not . . .

**MORAL for February:** See your Agent or Broker right away!

PROPERTY INSURANCE  
Fire—Automobile—Marine

## FIRE ASSOCIATION GROUP

Fire Association of Philadelphia  
The Reliance Insurance Company  
PHILADELPHIA



Lumbermen's Insurance Company  
Philadelphia National Insurance Company  
PENNSYLVANIA.

SYMBOL OF SECURITY SINCE 1817





# STATEMENT OF CONDITION

*December 31, 1945*

## RESOURCES

## Totals

Cash and Due from Banks . . .	\$149,091,868.16	
United States Gov't Securities .		
Direct and Fully Guaranteed .	371,396,225.25	
State, Municipal and Other		
Public Securities . . . . .	49,993,918.07	
Other Bonds and Securities . . .	8,606,438.82	\$579,088,450.30
Loans and Discounts . . . . .		122,957,792.36
Federal Reserve Bank Stock . . .		495,000.00
Bank Buildings, Vaults, Furniture and Fixtures		1,763,248.89
Interest Earned Not Received . . .		1,284,992.47
Customers' Liability Under Letters of Credit and Acceptances . . . . .		1,661,776.35
<b>TOTAL . . . . .</b>		<b>\$707,251,260.37</b>

## LIABILITIES

Capital Stock . . . . .	\$10,000,000.00	
Surplus . . . . .	6,500,000.00	
Undivided Profits . . . . .	4,290,839.03	
Reserves for Contingencies . . .	3,781,966.80	\$24,572,805.83
Reserve for Interest, Taxes, etc. . . . .		1,810,468.24
Discount Collected Not Earned . . . . .		196,557.65
Letters of Credit and Acceptances . . . . .		1,661,776.35
Deposits . . . . .		679,009,652.30
<b>TOTAL . . . . .</b>		<b>\$707,251,260.37</b>

*38 strategically located Banking Offices  
in the State of Washington*

Member Federal Reserve  
System



Member Federal Deposit  
Insurance Corp.

## SEATTLE-FIRST NATIONAL BANK

Main Office — Seattle  
Spokane and Eastern Division — Spokane

would equally and certainly follow a monopoly of *any single type* of program. It takes the President of the United States himself, in person, using all four networks, to rally an audience greater in numbers than a top-rating comedy or drama on a single network. For laughter and drama—yes, and a torrent of music—these are the things that the mass of Americans most want to hear.

In one sector of its public relations, radio rudely refuses to do any fancy pleading, but simply lowers its head and charges. That sector is the area of suggestion that "the Government ought to take over radio" and feed its own programs according to the party in power.

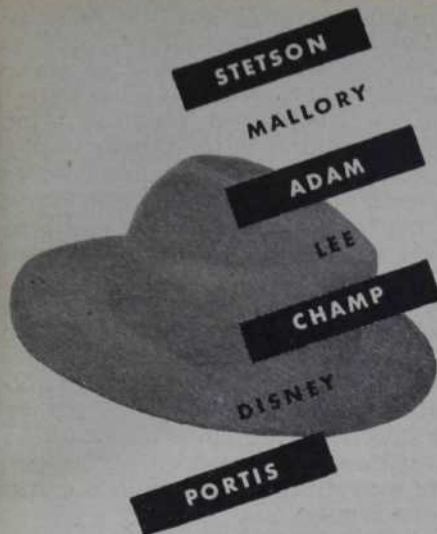
## Monopoly hurts radio

LET those who suggest this face what a party-monopoly of radio did to the German people. Let them try to justify such wicked or stupid abuse as government programming inescapably means. They cannot justify a fraction of it unless they are themselves dictators at heart. Let them explain how they will deny Freedom to Listen to our democracy. Let them explain how it happened that, despite the bland and tepid self-restraint of the BBC, an independent commercial station in Luxembourg, gifted in radio entertainment, towered above all other western European stations in audience—blanketing Britain, and including the Scandinavian.

No service to the American people lies closer to the live nerve of Freedom of Speech than radio. Radio complements the Freedom of the Press with an inescapable immediacy and humanity which instinctively quicken the social awareness of the individual. No one who lived through the 24-hour radio days of Pearl Harbor, then of D-Day, then of President Roosevelt's death, then of V-E Day and the days of Japanese surrender, can ever deny that on those days he was more, not less, of a citizen. The reader who doesn't like a newspaper story, or a congressman's speech in print, writes a hot letter to the editor or to the congressman. But let him hear the story or plea on the air, and he roars his opposition right on his own hearth, and that is good, that is precisely as it should be in our irrepressible commonwealth of freemen.

To take radio away from its independent, blundering, eager, earnest broadcasters and lock it up in the monopoly of the party in power, would not only be a frontal





To sell anything that MEN buy  
...from hats to automobiles

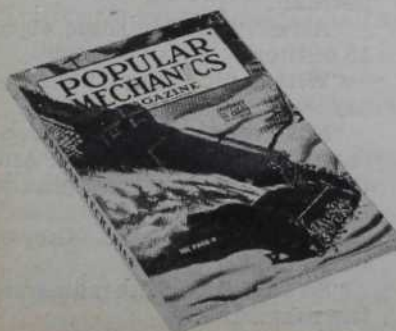


For closer attention and faster action, reach the inquisitive, fact-hungry, quick-starting mind of the *Popular Mechanics* reader.

You're talking to a man who reads ads deliberately, not by accident... who finds *Popular Mechanics* advertising an important, absorbing part of the magazine... a man who digs right down into even 4-point type month after month because he doesn't want to miss a thing.

And there are 3½ MILLION of these ad-minded, cover-to-cover readers—most attentive men-audience in America.

It pays to put *Popular Mechanics* on your schedule and REACH THE P. M. MIND!



insult to the very audience that owns the air and has built the service, but the opening gun of dictatorship.

Where did the Nazis head first in a captured town? And don't think there aren't politicians and social reformers who would "like in" on such a monopoly. Even the Government of the largest democracy on earth, like radio itself, could fairly and honestly confess to a few bad apples. The "let-Government-grab-it" boys just don't like to recognize that the independent, competitive, free American system of radio *pleases* more free people than any other single system.

But only so long as it proceeds to please more people even more, to discard the obsolete, to sandpaper off the rough edges, can it insure its future. The road ahead demands boldness, grown-up skill, and resolution. The public is fond of its air, and wants it well used. The public emphatically does *not* want to exercise its sovereign right to tune out.

#### The answers to the questions on page 80

1. The code of the National Association of Broadcasters allows the sponsor a sliding scale of commercial time depending on the length of his program. Of a full hour, he may so use six minutes; of a 15-minute program, he may so use no more than 150 seconds. Many sponsors use less than the full allowance.
2. 33,000,000 U. S. families own and use more than 50,000,000 receivers.
3. The average family listens more than four hours per day.
4. The networks pay, not only when the President broadcasts, but when a Cabinet member, Senator, congressman or other high official takes the air on a public issue. As many as 550 authoritative speakers used free air-time to argue public issues on a single network in 1944; they included the President, seven Cabinet members, 36 Senators, 31 representatives, 30 administration officials. What's more, the networks not only absorb the time-cost of scheduled programs swept aside for national emergency, but pay to the advertisers the full cost of their talent scheduled for the erased programs.
5. Of 921 stations in the U. S., 17 or 1.8 per cent are actually owned by networks.
6. Of some 9,067 hours broadcast by CBS in 1944, 3,627 were sponsored programs; the balance were CBS sustaining programs, their cost borne by the network in the public interest.
7. New York Philharmonic Symphony  
Boston Symphony  
Philadelphia Symphony  
General Motors Symphony  
Detroit Symphony
8. On a typical major network the following are taboo: laxatives, advertising discussing internal bodily functions, depilatories, "cures," hard liquor, gambling tips, lotteries, "spot" programs, fortune-telling or mind reading, solicitation of funds, psychological advice, exploitation of human misery, false claims of any kind, smut or vulgarity of any kind, disparagement of competitors, attacks on religion, announcements that jar against the current news, false dramatization of news, improper children's programs, controversy on sponsored programs... and so on. There are more. And the network decides whether the network program is acceptable or not. In the case of local programs, the decision rests with the individual station.
9. Three years.
10. It travels by expensive land line from the station of its origin to 150 other stations 'round the U. S. and is projected into the air from the transmitter of each.

#### EXPLORING HERCULES LAND

## Sticky Tape with Triple Life



Exploring in Hercules Land helped surgical tape manufacturers to double and triple the life of tapes. It was discovered that Hercules non-oxidizing resins make adhesive coatings more sticky... keep them sticky in use and storage.

These resins also mean better industrial wrapping tapes, synthetic rubber cements, shoe adhesives, and masking tapes, because they are low in cost, easily blended with synthetics and pigments.

If you make adhesives, or specify them, it will pay you to know more about Hercules. The 48-page book, "Hercules Products", describes the many modern materials available for adhesives and other chemical uses.

HERCULES POWDER COMPANY  
947 Market Street, Wilmington 99, Delaware

**HERCULES**  
CHEMICAL MATERIALS  
FOR INDUSTRY





## Small Town Homecoming

(Continued from page 48)

school. These kids from the farms—all they want to do is to come back and hang around the barnyard. The town kids just mope around the juke joints and street corners and gripe about this and that.

"I offered one vet his old job back at a 50 per cent increase in wages; but he said he had saved \$800 and wasn't in the mood for work. I offered another chap \$50 a week to look after some interests of mine; he told me he'd think it over. This morning I got a letter from him from Montana! He had a chance to fly out there, he wrote—and now he's going down to San Francisco to visit some of his buddies.

### Opportunities are missed

"MAN! If these fellows would only realize that now is the time to get busy—to get in on the ground floor while things are hot. But no. They belly-ache because there is a shortage of homes; but they won't get together and build themselves a place to live. There's plenty of timber around here—and Lincoln lived in a log cabin. They kick about the lack of various commodities and what a run-around they are getting from the surplus property boys; but they won't get together and raise hell about it where it will do the most good. Washington is the place to make their complaints heard—not in some beer joint!

"Hell! This is a prosperous community. We have no reconversion problem like some places have. Our farmers have made and saved money. So have our food processors, our hosiery mill workers, our chick hatcheries, our turkey raisers, our stores and shops. All of us want things done for us. We want our homes, barns and places of business painted, repaired, replastered—but the boys don't see it.

"They don't seem to have the zip and drive that we had when we came back from the last war. Now, the boys come back, and one of the first things they do is to join the American Legion or the Veterans of Foreign Wars—and that is the end of it. They don't come to the meetings, they don't want

to run for office, they don't even want to vote or serve on any committees. They seem perfectly content to sit back and let us old guys run the show. I'd like to see them come in and take over the Legion and the VFW.

"I bet a thousand vets have come back already; and I've talked with most of them. About one out of three has his feet on the ground. Some three months ago two of 'em came in to see me. Their father had been a tinsmith and painter. Had a little shop around the corner for years before he died a couple of winters ago. Used to do a lot of work for me. Well, his boys came in and told me they wanted to go to work—they had just got back and they had seen plenty of action. I said, 'Good! What do you want to do?'

"They said they wanted to go into the painting and tinsmithing business. I said, 'Fine. You go over to the bank and get a couple of GI loans, get fixed up to do business and I'll give you all the work you can do.'

"'To hell with that,' they said, 'We want to go to work now, we can't waste time with any GI loans. We want the money from you.'

"'How much do you want?' I asked.

"'A thousand bucks.'



"He had money saved and didn't want his old job back at a 50 per cent increase"

"'Okay,' I told 'em. 'You boys are the first vets that have come in here ready and willing to go to work. You can have it.'

"So I endorsed their note for \$1,000 and sent them over to the bank. They're going great. They've hired a couple of more vets—and they have knocked off \$300 from the note already. I wish there were more like them.

"But, don't get me wrong. We oldsters went away to the last war all starry-eyed. It was going to be a great lark. It didn't last long; and it wasn't an all-out war. When we came back the country wasn't in the mess it is now—with shortages of everything and a thousand and one regulations.

"These kids were not so naive. They went to war knowing they had a dirty job to do—and they did it. They are coming back home at a time when the country has not had a chance to recover from the maladjustments and disturbances of its long, all-out war effort. They are coming back in the midst of our attempt to adjust ourselves to peace—and many are frustrated. It will all take a little time."

### Problems similar in other places

"GLAD to know you," greeted the editor of the local daily paper, "and I hope you have been able to get some interesting interviews."

"Yes, I have had a very fine reception here."

"Is our local 'homecoming' up to standard?"

"As far as I can see, it is."

"Well, I guess, with the exception of no reconversion layoffs, and no veteran seniority squabbles or strikes, our veterans seem to be faced with about the same conditions that exist elsewhere."

"That's right."

"Do you think our veterans are better off here, than the vets who have returned to the larger cities?"

"Under current conditions, definitely."

"Did you manage to talk with many of our returned soldiers?" asked the newspaperman.

"A few. Possibly some 40 or 45 of them."

"What did they have to say?"

"Not very much. Most of them just grinned at me. And they all said they were glad to be back."

"Well, we're glad they're back, too."

"So am I," said the man from the magazine.





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Think, if you dare, what American life would be like—without steel! For one thing, we would most certainly have been powerless to win the war . . . Without the machinery made possible by steel we'd be slaves of the soil, instead of its masters. Without steel, all transportation—except by foot—would stop . . . Without steel, most of our factories—and the millions of jobs and the thousands of products they provide—would cease to exist . . . And—think of this—into the making of every ton of our vitally needed steel, *goes a ton of Bituminous Coal!*

### Mainspring, as well as Mainstay . . .

Not alone as an ingredient material but also as a source of power, does Bituminous Coal contribute to the useful services of steel. It generates more than

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### The Magic Mineral

Yes—and beyond these more familiar uses, Bituminous Coal makes magic with chemistry to produce such divergent products as perfumes and plastics—roofing materials and synthetic rubber—textiles—paints—dyes—vitamins—medicines—fertilizers—insecticides—and a thousand more . . . Truly, our very civilization depends on Bituminous Coal. So, anything that affects coal mining also affects *you*—whether you actually burn coal or not!

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**BITUMINOUS COAL . . . LIGHTS THE WAY . . . FUELS THE FIRES . . . POWERS THE PROGRESS OF AMERICA**



# Let Money Make Money

(Continued from page 38)

boys, sold a horse in 1833 for \$50 and with this capital started a foundry to make stoves.

The great New York Central transportation system really began with a sail boat, carrying freight and passengers in New York harbor.

A leading chemical company was originally a small mill on a Delaware stream, manufacturing gunpowder.

In 1832, aboard a sailing ship coming from France, a portrait painter heard a scientist say that electric current had been found to travel on a wire for long distances, almost instantaneously. That was the start of the telegraph, and of the electrical means of communication which followed it.

These four industries in the past fiscal year provided 264,600 jobs with wages totaling \$681,900,000. They paid to the Government \$259,700,000 in taxes.

Not all promising ideas, backed by drive and capital have succeeded that well in the past. Not all will succeed in the future. But all that investors and enterprisers ask today, as in the earlier days of the Industrial Age, is opportunity that will give scope to their ideas and their energy.

## Encourage making jobs

POSTWAR planning of jobs for returning veterans is bound to meet frustration if that opportunity is denied—if the risk-taker is not permitted a place of leadership in our national life.

We must remember that the man with money, if he is browbeaten and overtaxed, does not have to invest. A man with \$100,000 can put it in a safe deposit box and still live on \$5,000 a year for 20 years—paying no income tax and serving no useful purpose.

If investors are frightened away, there will be no jobs for veterans—or for anyone else. Because, as our society becomes more complicated, it requires an increasing investment to put a man to work. Statistics show that the investment per job ranges from \$2,800 in some industries to \$20,000 in others—a rough average of \$7,000.

If the man with \$100,000 is encouraged to invest it, he can create 14 jobs. Even should he get so unusual a return as 10 per cent, he will receive only \$10,000 a year.

Workers on the jobs he creates may receive, altogether, \$35,000 in income. If jobs are supplied for 10,000,000 returning service people, their income may total \$25,000,000,000, but the investment needed to provide those jobs will total \$70,000,000,000.

Moreover, we are told that every year some 700,000 new workers, net, come into the labor market. Merely to provide jobs for these newcomers will require an annual average investment of nearly \$4,000,000,000.

The Government can provide those funds, of course, but we cannot retain our freedom if it does. It is elemental but worth repeating that, if government does the investing then government assumes control, supplanting the efficiency and initiative of the individual.

## Government funds are taxes

MOREOVER, the Government can raise this money only by taxing its citizens. We already have a national debt of more than \$275,000,000,000. Our annual governmental expenditures henceforth are to be around \$20,000,000,000 or \$25,000,000,000. How can this money be raised if no citizens with money are left to tax?

It behooves us to give our investors a chance to create the necessary new wealth.

This does not require a return to the *laissez-faire* policies of the past—certainly not to the “dog-eat-dog” era which we all recall with shame.

The past 20 years have recorded violent distortions within our economy: prosperity, depression, reform and total war. The present is a period of readjustment and the basic forces at work today require thorough and impartial study. During the reform period, the Congress, expressing the will of the people, gave this country several important pieces of legislation. Some were directed toward the correction of abuses which, before the depression, had crept into business and finance. I refer specifically to the Securities Exchange Act and the Public Utility Holding Company Act. Others aimed to promote the welfare of labor: the Wages and Hours Law and the Wagner Act. Another most important piece of legislation was the Social Security Act, directed to a

large segment of our population in a desire on the part of the State to bring some peace of mind to people no longer able to shift for themselves.

With the exception of the Wagner Act, these major legislative measures are today accepted as forward steps in our social order, although some amendments are regarded as desirable.

In the case of the Social Security Act, the word “security” has been blazoned in capital letters throughout the world as an appeal by the leadership in government to the massed population. Now that the step has been taken by the State to aid in such a just cause as social security, with the possibility that social security will be greatly broadened and strengthened in the years to come, we must not risk the slightest disillusionment on the part of the people with respect to the confidence they have placed in this vehicle of government. This statement applies particularly in later life or at the period of retirement.

What can we as a nation do to assure ourselves that our people will not be let down in their firm belief in social security? We can see to it that we maintain a healthy and vigorous economy. That responsibility rests clearly on the shoulders of government and business.

A healthy and vigorous economy can exist only within a frame of sound monetary (including price) policy, a just tax system, steadily increasing consumption, an expectation of reasonable profits, and community activities looking toward the satisfaction of non-economic wants, such as education.

I should like to emphasize that there will always be a tug-of-war between those who would remake society in short order and those who always appear to believe that we are living in the best possible of worlds. To find the way of reconciling these viewpoints is the difficult task of statesmanship.

## Prices regulate our economy

THE price mechanism is at the core of the functioning of our economy. Our generation has witnessed the evils of extreme inflation and deflation. We could hardly devise a more certain way than a repetition of either to insure the desertion of the middle class—the stabilizer of our society—from its loyalty to our traditions. Our immediate concern is with the inflationary forces existing as a result of the unparalleled accumulation



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of liquid funds. This requires a slow relinquishment of admittedly irksome controls, and confidence in the general monetary and credit policies of government.

At the same time, those responsible for such policies must be aware that the danger of inflation can be minimized by increased production of goods. To discourage production because of doubt over the exact profits that might result may precipitate further maladjustments, because consumers in a buying mood will buy, and money that might go into automobiles may bid up already inflated realty values. With the widespread distribution of war bonds, it becomes all the more imperative to use every available means toward maintaining reasonably stable prices.

### Taxes should be better planned

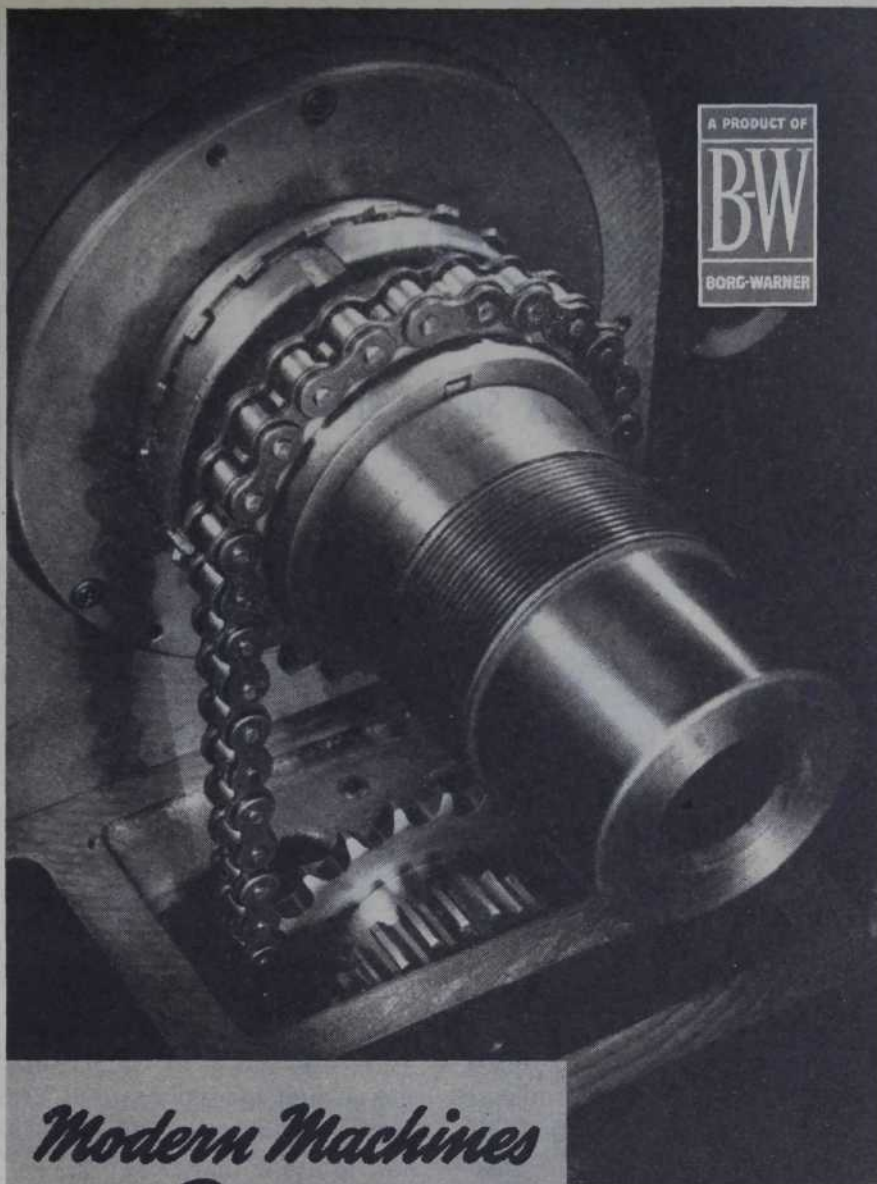
THE tax structure has developed piecemeal and reflects attempts to meet emergencies by shifting emphasis wholly on one or another source or end. Funds of the type which might be invested have faced, over the past 15 years, both increased tax rates and increased uncertainty. The combination has been too much to contend with. In the emphasis on planning, it must be remembered that business is called upon to plan, too, and that frequent changes in taxes make planning more difficult.

Specifically, the tax system seems to be geared toward the penalizing of venture capital in its treatment of interest, profits, and dividends, as well as capital gains. Our tax system has encouraged the constant tendency of funds to be invested directly or through financial institutions, in fixed interest obligations. But interest, in the end, must be paid from the results of economic activity, and the activity will not be undertaken unless the risk-takers have some encouragement.

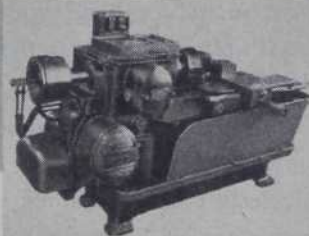
I do not mean, by a reasonable expectation of profits, any particular rate, and even less a guarantee. I recognize, for example, that when interest rates in the pioneer days were ten per cent or more, it needed a higher prospective return than in a period of low money rates to induce investment in risk-taking enterprise. At the same time, business—both corporate and individual—must not face a "heads I win, tails you lose" attitude.

This is a good time, now that stop-gap tax legislation has been enacted, to begin at once a thorough survey of our tax system.

I sometimes wonder whether the



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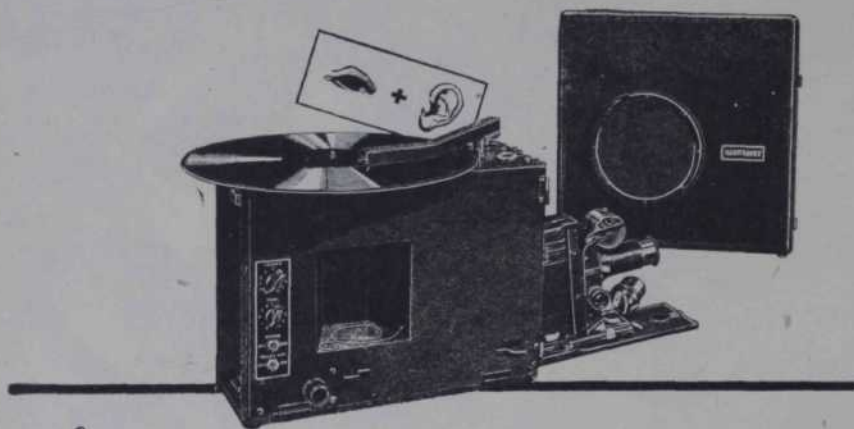
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profound change in the past 20 years in the return on capital is appreciated. Today a greater amount of capital and savings is at work than at any time anywhere in history. Over-all figures are not available, but examination of the interest rate on public and private securities, the rate of return on public utilities, and the average rate of profit on the investment in business shows that the average rate of return is strikingly low.

The tendency toward a lower average rate of return in a dynamic society in itself is not alarming, but it means that we must have an environment more conducive to the making of investments initially. In other words, we cannot cut money's earning power in half and at the same time create a hostile environment so that the retention of the smaller return or the principal itself becomes a matter of grave doubt, and then expect it to go to work.

In this respect government has the responsibility to abstain from denouncing business attitudes that have largely vanished, and business has the responsibility of passing on the benefits of technological improvement so as to sustain buying power.

### Technical advance needs money

NO technological progress can be made without investment, and encouraging such investment is the best way to assure a continued general rise in our standard of living. As yet, no modern society, except our own, has been able to harmonize political liberty and economic progress. If investment at a moderate rate of return is the cost of this happy conjunction of circumstances, it appears to me that the price of money is cheap, in more than one sense.

A prosperous nation will assure to our Government abundant federal revenues. In turn, adequate revenues and reasonable economies in government are our best assurances of sound government credit. Prosperity is geared to quantity and quality production of goods—the natural brake on rising prices. The private wealth of this country is more equitably and geographically distributed throughout the nation today than at any other time. It is in the fertile fields of production and profits that we plant the seed of encouraging the orderly creation of wealth and the broadening of the invested capital base of the nation. Upon these cornerstones rests a healthy and vigorous economy.



## We Have a Foreign Policy

(Continued from page 52)

for the United States in telling Argentina and Brazil whom each should elect as president. South of the border, they again ask:

"Has the State Department forgotten its pledge not to intervene in our home affairs?"

### We have favored China

FOR more than a century, the United States has been the bulwark against the partitioning of China by European powers, though John Hay did not announce the open door policy until 1900. Though applying specifically to China, the latter was a declaration of American policy for equality of trade with all nations. The State Department has followed that policy consistently, through the reciprocal trade treaties of former Secretary Hull and up to the latest loan negotiations with Britain.

Opening the doors of China has ceased to be a task for the United States and our interest recently has been to unite that country's warring factions. China showed its confidence in the promises of the United States by keeping up the fight and rejecting all overtures to surrender during the years that its seaboard and industrial areas were occupied by the enemy. Its domestic problems were highlighted by the explosive resignation of Ambassador Hurley.

His accompanying blast at career men in the Department showed the lack of harmony and discipline more than it did any lack of policy. As in the Army and Navy, the State Department has its cliques and feuds among career men with the constant rivalry between them and the "outsiders" appointed for political or special purposes.

The rapid changes in Secretaries of State have fostered the sniping and demoralization. It may continue until 1949, while a Secretary of State is heir presumptive to the presidency and world statesmanship and a firm control of the Department can be secondary qualifications for the office. The confusion is particularly noticeable in the Far East where the Department assigns its Chinese experts to Japan and its personnel with Japanese experience to China.

The State Department has a foreign policy but with the conflicts inside the Department, its own staff pulling at cross purposes, the public often wonders whether even

the Department knows what its own policy is.

From my observation of American foreign service men in many countries, those who enter the service as a life career and those who are appointed for temporary prestige or purpose cannot be judged as separate classes but only on individual fitness and ability. Each class made its contribution to the latest scuttling of State Department policy in South America.

### Character of our envoys

WHEN George Washington sent John Jay as a special envoy to England, his instructions were:

"It is the President's wish that the characteristics of an American minister should be marked on one hand by a firmness against improper compliances and on the other by severity, candor, truth and prudence and by a horror of finesse and chicane."

Though the world has speeded up since then, the character of men and the democratic foreign policies of the United States are little changed.

Issues which confront the State Department are colored by the hates and misery which always follow a war. An ailing world has many aches and wounds and each must be treated separately. More will be added each week to the list of problems.

The Department already has indicated its policy on some of them. The case is rare where everybody is satisfied with what has been outlined. Space is too limited to repeat each argument and opinions will change from day to day.

The Department is on safe ground when it weighs each issue by the broad policy of peace and justice which Americans approve. The United States is strong and need not apologize for its ideals. Its representatives are not inferior to those of other nations as negotiators; nor should we take seriously the doleful protests of those nations that their feelings may be hurt. None ever fear they may hurt either our feelings or finances.

The United States always has been considerate and generous. The policy of the State Department is not to dictate but to help other countries, whether great or small, to enjoy the same peace, comforts and security as the American people. That policy alone will satisfy Americans.



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# TYPEWRITER



# The Mayor of Washington

(Continued from page 49)

Patrick, the Masons and the Knights of Pythias. He is only 63 while the Oldest Inhabitants usually range in the seventies and eighties; he was born in Washington only accidentally and the Friendly Sons of St. Patrick and the Masons have never been considered synonymous.

To the voteless Washingtonians of all creeds, however, Mr. Young is one of them. The owner of a short wave radio set is quite likely to hear him, cruising in his Packard limousine, directing that his wife be notified he won't be home for dinner. His car carries District license tag No. 1 and has a liveried chauffeur. The traffic cops give him the green light, which is one of the few perquisites that go with his office.

## Experienced in newspapers

BEFORE President Roosevelt appointed him as a commissioner in 1940, Mr. Young had for 30 years been a newspaper man—the profession his father had followed with some time out, however, to serve in Congress.

Beginning with the Harding administration, J. Russell Young covered the White House for the *Washington Star*. By virtue of the fact that he and Coolidge were both early risers, he had an intimate acquaintance with the former President, and from him Young perfected his deadpan expression and wealth of dry wit. Young would get to the White House press room as early as 7:30 o'clock and Coolidge, on his early morning walks, would drop in and talk so freely as utterly to belie his reputation for reticence.

Newspapermen traveling with Presidents are entertained from time to time by local citizens. Usually there is speechmaking by members of the local group and then the newspapermen are called on for responses. Few of them rate as public speakers. Young has the ability to speak interestingly and indefinitely on any subject. He did, however, get in over his head a couple of Christmases ago when, in his new official capacity, he presided at the White House community tree. He couldn't pronounce the Latin names of some of the music. President Roosevelt roared.

But the oratory of presidential trips called for little Latin. Need-

ing a spokesman, the newspapermen would gleefully present Young, introducing him as Senator Young. Strongly built, gray-haired and distinguished, he looks like a Senator and, when in character, talks like one. On one occasion traveling with Roosevelt, he overzealously promised a certain community a CCC camp. When Roosevelt was told about this, he gave the community a camp. Calling him Senator had its drawbacks for his colleagues. Waiters at hotels would shower all their attention on him.

Out of this has developed the J. Russell Young School of Expression, perhaps the most unusual educational institution in the United States. Although its graduates and undergraduates include some of the country's most important statesmen, bankers and industrialists, it has never been recognized in scholastic circles—probably because the educators can't tell what the school teaches. Neither can the students.

The school was born at a dinner in 1934 when a group of newspapermen and their White House associates fell to discussing the Young flair for public speaking and whether their association with him had improved their own abilities in that field. Called on for a speech, Franklin D. Roosevelt, Jr., could only stutter. Suggestions that Young undertake to coach them were the inspiration for one of the most entertaining and exclusive of the periodic stag dinners at which Washington statesmen frolic in their hours off from shaping the nation's destinies. It is a Dutch treat affair.

## Statesmen in a mock school

THOSE who receive the much sought invitations, which only Dean Young as he has come to be known can issue, are treated to the spectacle of men like Secretary of State Jimmy Byrnes, former Secretary Ed Stettinius, Attorney General Tom Clark, General George Marshall, Jim Farley, Jesse Jones, Harry Hopkins, Supreme Court Justices, members of Congress and dignified men of finance, attired in academic cap and gown, marching in a daisy chain, or going proudly to the dais to receive their diploma attesting that they have duly earned the degree of Doctor of Oratory and the Accolade of the Silver Tongue.

Gene Buck, who has spent his life in the theater, shakes his head in wonderment and says:

"It's the greatest gag I've ever seen."

A class tree is always planted to the accompaniment of an oration by a notable. At the last dinner, the tree, a little shrub, was called the Dumbarton Oaks tree and the dedication was by Secretary of the Treasury Fred Vinson. By grace of the Dean, Jesse Jones is the school president, and Robert V. Fleming, president of the Riggs National Bank, is president of the non-existent alumni association, posts which the Dean reports they will be permitted to hold as long as they alternate in picking up the check for occasional dinners to the Board of Regents which is no more than the Dean's inner circle of cronies.

Whenever the Dean feels the need of a little good cheer and a good dinner he calls a meeting of the regents. His suggestions that, inasmuch as Jesse Jones recently endowed the University of Virginia for \$300,000, Mr. Jones should similarly remember his alma mater, have only met Mr. Jones' famous poker face. Incidentally, the school's diploma is the only one Jones has ever received. The same is true of some of the other graduates and of the Dean himself.

## A diploma cum laude

"KNOW all men by these presents," the diploma reads, "the recipient having fulfilled the prescribed course of study and having complied with all the rules and regulations and being of exemplary moral character and having by meritorious effort, perfect enunciation, diligent application, sublime poise, graceful gestures, rarefied rhetoric, soporific sophistry and unlimited vocabulary, earned the accolade of the Silver Tongue, *'summa cum laude, magna cum laude, and cum laude*, is hereby invested with the degree of Doctor of Oratory in extraordinary convocation and all the rights and privileges thereto appertaining."

The diplomas are wrapped in red, white and blue ribbons. Across the top in bold Roman letters is printed the name of the school. Beneath is a picture of the White House and lawn with the legend "Our Campus." In the lower left-hand corner is the seal over a red, white and blue ribbon bearing the slogan "*Non Bono Publico*."

Duly signed by the school's board of regents, the diplomas come to be framed and displayed in the offices of their proud possessors,



numbering, since the establishment of the school in 1934, some 300 of the nation's most outstanding figures. Mr. Roosevelt was the holder of the school's only honorary degree. Old grads include former Associate Justice Owen D. Roberts of the Supreme Court; former ambassador to Great Britain, Joseph P. Kennedy; former ambassador to Russia and to Belgium, Joseph E. Davies; the late Frank J. Hogan, former president of the American Bar Association, and the late Senator Pat Harrison of Mississippi.

### Many are not graduated

BEFORE he awards the diplomas, the Dean warns against the inevitable disappointments.

"Parents are here tonight," he says dryly, "who will be keenly disappointed when their son's name is not called."

LaGuardia has never gotten his diploma.

"Wouldn't apply himself to his studies," says the Dean.

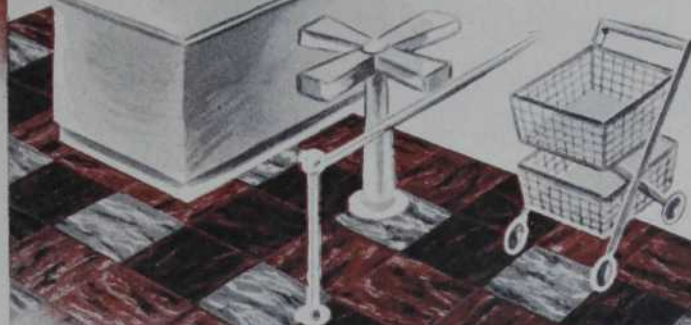
The trials for the future graduates come immediately after the award of the diplomas. They turn upon an aspirant's ability, when unexpectedly called upon to make a two-minute speech that is deemed to meet the description given in the diploma. Placing the hands in the pockets, an ungraceful gesture, anything that detracts from sublime poise is a serious handicap. Every non-graduate present has a two-minute talk rehearsed and waits expectantly for the call which only five or six receive. As likely as not some fellow, regularly invited to the gatherings, will have given up any hope of being called and then receive the summons after he has forgotten his speech.

The Dean insists that the board of regents is wholly responsible for the selection of those given tryouts and those awarded diplomas. The fact is that he single-handedly runs the school.

Occasionally, some of the pupils have sought to interpolate his program. They are sharply cut down, regardless of their stations. A high government official, having his two minutes on one occasion to qualify for a diploma, used it to tell a dirty joke. He was not again invited until some of the highest officials in the land importuned the Dean. The offender has not yet received his diploma.

As a newspaperman, the Dean became a member of the famous Washington dinner clubs, the Gridiron and the Alfalfa. It was

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while he was serving as a newspaperman at the White House that his ability as a leader came to the fore. Some 500 newspapermen are entitled to vote for the president and other officials of the White House Correspondents' Association. In the Dean's time no slate was ever elected without his endorsement. He simply wouldn't permit the opposition votes to be counted and the newspapermen thought it was a whale of a good joke. To a losing candidate he would dryly explain that he would be permitted to sing at the next correspondents' dinner.

"You are trying to move along too fast for your own good," the Dean would assure him.

### Reported the human interest

AS a White House correspondent he followed the same easy philosophy which has characterized his life.

In traveling with Presidents, the Dean seldom went in for reporting exciting and involved matters. It was his thought that the people loved best the little human things. Thus, on trips with Coolidge, he would write intimately of President Coolidge's rising and shaving and what he saw of the countryside as he did so. On his return to Washington he had a never varying lead for his story:

"The President returned to Washington today greatly refreshed."

To the Dean this was uncontroversial and he is uncontroversial.

When the manufacture and sale of beer was legitimized, he bought stock in a brewery and insisted that his colleagues should drink nothing but this particular beer. He also established a restaurant near the edge of town. Out of these items, and never having been a spendthrift, he has come to be substantially fixed. Although his friends include some of the city's most convivial spirits, he confines himself to beer. Not infrequently his hosts, well stocked on liquor, remembering his preferences at the last moment, will run out and get a few bottles of beer.

As a District commissioner, he has disappointed his friends who hoped to "fix" traffic tickets.

"My boy," he will say with mock gravity, "don't you realize that society has to punish its evil-doers?"

He is unusually exacting, too, in the appointment of his subordinates. There are those of his friends, in fact, who say he is really as mean as hell, which is another reason they are devoted to him.



## Loopholes in Election Laws

(Continued from page 40)

uries were turned over to PAC, ostensibly for EDUCATIONAL EXPENDITURES.

How much more was turned over to state and local PAC's no one outside PAC will ever know. It may have been many millions of dollars more and may have resulted in the reproduction of far more than the one hundred million pieces of literature printed and distributed by the National PAC.

Five checks for \$100,000 each in that \$647,000 were from CIO's national treasury, and the union treasuries of the Amalgamated Clothing Workers, the United Automobile Workers of America, the United Electrical, Radio and Machine Workers, and the United Steel Workers of America.

No universal coercion-free vote was taken among the rank and file of the CIO unions or CIO as a whole for the allocation of such huge sums from their treasuries. (For that matter, neither did John L. Lewis democratically consult all of his miners before he lent \$500,000 to the Democratic National Committee in 1936, a loan which was later repaid. The law classifies such advances or loans as contributions.)

Funds allocated to PAC from unions may be derived from one of two sources or both:

(a) Special political assessments on members.

(b) The union treasuries accruing from dues, etc.

In either case, two sinister results may obtain:

1. The funds of all members may be used on behalf of the election of candidates to which some members are opposed. (This would be equally possible in the case of stockholders' funds.)

2. Refusal to allow their union treasuries to be so used or to pay assessments on the line may cause members to be expelled outright or things may be made so uncomfortable for them that they will "voluntarily" quit their jobs. In plants with maintenance-of-membership contracts, such loss of union status automatically deprives a worker of his job.

The Superior Court of Cook

County, Illinois, recently decided a case on this point in favor of a working man. The decision affected 82 other employees in the same plant who resigned from a CIO union on the ground that it was Communist-dominated. The Court ruled:

"Morgan's expulsion from Union membership, which in turn compels the employer, under the maintenance of membership contract, to discharge him regardless of his value as a worker, is . . . a violation of his legal rights and cannot be sustained."

Unfortunately, not many workers will fight such a case in the courts, and this decision has not been confirmed by higher courts.

PAC makes a self-conscious effort to comply with the letter of the law. From the time President Roosevelt was renominated for President in 1944 until he was re-elected, PAC froze all its funds gained through trade union contributions. It spent only those funds (\$470,000) gained from individuals' contributions. Thus, Mr. Hillman could claim "scrupulous compliance with the strictest possible interpretation of the Corrupt Practices Act as amended by the Smith-Connally Act" because he had lived up to the law by abstaining from using trade union contributions in the post-primary period.

Even had he used trade union contributions during that period, he might have relied on the argument that PAC's contributions were expenditures and therefore allowable under the law.

To broaden the source of individual contributions, particularly from non-union supporters, the National Citizens Political Action Committee was created in July, 1944. It received \$380,000, exclusively in individuals' contributions, and spent \$378,000 in behalf of the Fourth Term and "progressive" congressional candidates. The activities of PAC and NCPAC were admittedly synchronized; personnel and offices were substantially the same and Mr. Hillman was the chairman of both groups.

In its report filed with the Clerk of the House of Representatives, NCPAC tabulated the financing, as follows:

	Received	Spent
Trade-unions account	\$637,903.26	\$478,498.82
Individual contributions	376,910.77	470,852.32
NCPAC	380,306.45	378,424.78
Totals	\$1,405,120.48	\$1,327,775.92

The individual sources of NCPAC funds may be relatively impervious to further legal restraint, but assessments and trade union sources of PAC funds are not.

I have introduced legislation to ban political expenditures as well as contributions by any union, national bank or corporation and thus preserve their treasury funds inviolate. Other congressional colleagues have bills pending which would extend the Expenditure and Contribution ban to primaries and national conventions as well as elections, and which would specifically prohibit political assessments by unions.

### New laws are no panacea

PASSAGE of such legislation would by no means be a panacea against the use of slush funds. Even if enacted, the laws would only prohibit contributions and expenditures to national committees. Moreover, the courts would still have to differentiate between political and educational expenditures in national elections.

A further differentiation would have to be made between, for example, what it costs an established newspaper corporation to support certain candidates or political issues during a campaign and the expenditures by temporary campaign newspapers set up by individuals, unions, national banks or corporations. Affiliated or sponsored organizations, not only of unions but of all interested groups which engage in election work also would continue to pose a problem.

The enactment of the expenditure ban would at least help to plug a national loophole through which a minimum of \$750,000 of trade union funds were poured in 1944.

The loopholes and jokers should be eliminated by a complete overhaul of our federal election laws. Vigorous action will be necessary to extend the expenditure ban to state and local committees. State and local governments also must legislate until the country eventually has uniform election laws guaranteeing honest elections to every citizen.

No law can be valid which might hamper or discourage a qualified voter's participation in elections. Every effort is to stimulate greater participation. Election laws are needed to protect the voter from coercion; from forced assessments by unions, employers or political parties and from frauds which can make his vote worthless.

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is the first duty of a free citizen. He must decide the issues between candidates and parties. To form his opinion, he should know what goes on behind the scenes—the secret pressure groups, the interests backing the candidates and the sources of campaign funds.

Publicity, and publicity alone, can give him that information. Election campaigns should not be allowed to hide secrets from the public.

Publicity is a great cleanser and should be obligatory.

It already is obligatory for contributions of money to a candidate or political party, the sources and amounts, and where the money is spent.

However, the final reports may not be filed until weeks after the ballots are counted, too late to help the voter in picking candidates. If the deadline for contributions and final reports were a reasonable time before an election, he would know who and what is behind the candidates. The bill which I have introduced will include expenditures for a candidate as well as contributions to a candidate or party, further broadening the benefits of publicity.

Elections are too serious to be left in their present state, wide open to the wiles of the unscrupulous. Greater political squeezes are in the offing. For the benefit of labor, for the benefit of business and, more than all, for the benefit of the public, such squeezes must be prevented.

## New Fire Fighter for Mine Fires

A NEW fire-fighting car for combating coal-mine fires has been developed by the Dugas Division of Ansul Chemical Company, Marinette, Wis. In its initial test, it made a four-mile run into a mine and quickly extinguished a fire that had had a 35 minute headway.

Utilizing the chassis of a standard mine car, the new apparatus is equipped with three 300-pound tanks of dry chemical, each powered by a nitrogen cylinder. Two of the tanks, connected in parallel, operate through a 100-foot hose, while the single one has a 50-foot hose.

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# We Can Stop Inflation—Now

(Continued from page 46)

that it has bought. The assets of the bank and the government deposits are both increased by the amount of the loan. The Government, exactly as the individual borrower, draws checks against its deposit, and these checks result in deposits in other banks or in hand money and the bank deposits or hand money of the nation remain up by the amount of the loan until the loan is paid off. If the Government does not pay off its loans—that is, reduce the national debt held by banks—the amount of money stays up. That is the root of our present trouble.

Here briefly is what has happened. The figures are rounded from the Federal Reserve Bulletin. The Federal debt as of July, 1945, was \$260,000,000,000. Of this debt, \$94,000,000,000 was in the commercial banks and \$21,000,000,000 in the Federal Reserve banks. To that extent the Government did not really borrow. It simply manufactured money through the medium of the banks.

## Individuals bought few bonds

THE people, except as they paid taxes, have had comparatively little to do with financing this war. The bond-selling drives have been entertaining and spectacular, but they have not sold bonds. Outside of \$55,000,000,000 of the non-marketable issues which have been sold by more or less compulsory pay roll deductions, only \$41,000,000,000 appear to be in the hands of private investors and a good many of these investors are corporations which are holding their reserves in government bonds.

The consequences of this method of finance appear on the other side of the sheet. In 1929 the country did a large volume of business—probably as large and possibly larger than the volume today—with a money supply of \$55,000,000,000, of which only \$3,600,000,000 was in hand money. In 1939 the country used only \$61,000,000,000, of which \$6,000,000,000 was hand money. On June 30, 1945, the country had a total money supply of \$163,000,000,000, of which more than \$25,000,000,000 was in hand money.

The increase in the supply of money was not due to any increase in our wealth, because during the period we were consuming our wealth at a rate unprecedented in history. The increase was entirely

due to the output of the government bonds channelled into the banks. This is just a refined way of describing the output of the government printing press.

## Savings have not been real

IT IS nonsense to call any part of these deposits "savings," because, on the other side of the ledger, is the national debt and one does not save by going into debt. The mountain of money has accumulated because every bond put into a bank by the Government resulted in an addition of a like amount to the money supply. Those additions will remain a part of the money supply until the bonds are redeemed or sold out of the banks.

It is only playing with fire to fool ourselves into believing that, because we have printed a lot of money, we have created a lot of wealth and that this wealth will go into production and distribution and improve the general standard of well-being. We have simply printed a lot of money, and the amount is so far in excess of what the country can reasonably use in its daily life that the people who own the bank deposits and the cash, unless some other reasonable outlet be offered to them, will start to bid up the goods and services offered. At some period, as prices are rising, a panic can, and may set in and the money will become worthless.

During the great inflation in Germany, money continued to be worth something until a day in 1923. I happened to be in Berlin that day. For many months, holders of real utilities had refused to part with them for money and farmers would not sell their crops for money. A system of barter was going on, but still the money had some value. On that day in 1923 a kind of silent panic seized the country—just as a kind of silent panic seized our country on March 3, 1933. The value of the money simply evaporated. By nightfall it was worthless.

Of course it is faintly possible for us to have price rises in this country so that the goods we can produce will be revalued and absorb the water in our money supply. But that is hardly possible without speculation and a general upset. In the end we should have destroyed the worth of our life insurance policies, savings fund deposits and other fixed money values.

The alternative would seem to

be price control. But that is not an alternative at all. It is just a form of repudiation.

If the Government says that goods and services must be sold according to a schedule, the schedule must be complete. But if sales prices are controlled, costs, including wages, also must be controlled, else the goods and services will not be produced. There is no point in controlling prices and costs unless those who need the goods and services can get them. That means rationing. These all add up to the collectivist state, and one of the most shocking spectacles of our time is the number of men who are willing to accept the collectivist state without really knowing what they are accepting.

While we are trying the Germans who devised the Nazi money system, we have in many high quarters men who are proposing that we adopt the Nazi economic system—with all the names changed.

## National debt management

THE cause of our trouble is the disorganized nature of our national debt, which has not been funded and now lies largely in the banks giving forth printing press money. The job is to get the debt out of the banks. That is the only way except by a species of repudiation that the money supply can be brought into manageable proportions. If the public were assured that the Government was on its way to managing the debt instead of using it to water the money, there would be a surge of confidence.

The first step is to balance the budget and stop borrowing. Trick budgets and more borrowing can only hasten disaster. The next step is to put the debt in such a condition that it will be attractive to investors and they will bail out the banks.

Dr. Benjamin M. Anderson has suggested that the debt be funded at interest rates which would make investments in it profitable. The objection to this plan is that the burden of interest rates might be too heavy to bear. He believes that is choosing the lesser evil.

I have proposed—but not fully worked out, although I have gone over it with a number of competent men—that the debt be funded without a fixed interest rate and that the personal income tax be reduced to a flat ten per cent on all incomes. I would earmark the proceeds of the tax for the service of the bonds and thus get rid at one stroke of both the interest burden and the tax burden.

If the public debt is funded at an





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interest rate high enough to attract both individual and institutional investors, the service will be very heavy and taxes will need to be very heavy. There is a decided question whether venturing capital is worth while against heavy taxes and thus we may really "mature" our country—that is, kill new private investment. In my suggestion, the bonds would be funded as "income bonds" and the return on them specifically limited to the amount raised by a ten per cent personal income tax—freezing the tax at that point. That would kill two birds with one stone. Also it would force the federal Government into finding new sources of taxation if it is to continue spending in the style to which it has accustomed itself. It could be provided that in any one year not more than a six or seven per cent return could be paid on the bonds and that revenue derived from the tax above that amount must be devoted to the redemption of the bonds by lot and at par. Since no one could know far in advance what the yield would be, a certain element of lottery would enter.

This would make the bonds speculative and they would be bought out of the banks for speculation. The return on them would vary with the rate of business and might be most remunerative.

Of course, with either Dr. Anderson's plan or my suggestion, changes would have to be made in the laws to protect the banks which are now just storage houses for government bonds.

The exact method of getting at the debt is important but what is now of the highest importance is to make a start at getting at the cause of our financial disease.

## Desks with OOMPH!

NOT ONLY will postwar desks be given more pleasing color tones, but will have more "body appeal." New models, featuring the absence of legs, have been designed by members of the Wood Office Furniture Institute who feel that, although legs are important to the charm of women, desks have more appeal without them.

Resting on runners, one on either side under the tier of drawers, the new desk offers improved appearance and adds to the comfort of the worker. With this increased foot room, the executive can swivel around in his chair and let his feet dangle straight out on the floor—without getting them caught on the desk legs.



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## The Russians Are Tough

(Continued from page 43)

zealous of Russia's interests. When this routine is repeated, detail by detail, four or five times, and the Russians continue to repeat, without modification, the essence of their original declarations, Americans have a tendency toward exasperation. The Russians finally ask for a written statement of our contentions to forward to Moscow.

It wouldn't help to hand them this statement the second day. They wouldn't ship it off—that would be "hastiness." While waiting for a reply from Moscow—perhaps ten days or two weeks—the groups come together every other day, as a rule. If the Russians couldn't produce proof of these meetings, Moscow might think they had been up to some unproletarian antics such as going to the movies or attending capitalistic parties.

When Moscow's answer is not wholly satisfactory, the routine is repeated for a number of weeks of telegraphic exchanges.

### Pressure is coordinated

IF, after many of these exchanges, the two positions still have differences, things begin to happen. Somebody from the Kremlin calls on Ambassador Harriman in Moscow and informs him the Foreign Office is "very dissatisfied" with goings-on in Washington. A prominent Soviet newspaper makes a few uncomplimentary comments about America.

Then the *Daily Worker* takes a crack at Washington. Perhaps an American Communist orator "discovers" that Dean Acheson or Secretary Byrnes used to work for Standard Oil. Communist papers in other countries may join in the sniping. If the issue is important enough, the whole Russian diplomatic machinery, wherever it touches us, may tighten up and become difficult to deal with.

Eventually, the issue may be bounced upstairs for decision by the Kremlin or the Big Three.

As one American army sergeant remarked in Moscow:

"I never have to read the papers to know what's going on in Russo-American affairs; I just notice the way my opposite number says 'Good Morning' when he comes to his desk."

It isn't the fault of the negotiators. It's the modern Russian version of Oriental bargaining, ag-

gravated by a caution born of a suspicion that is a natural attribute of revolutionaries and slow to die.

From the Americans who sit through the sessions, this technique calls for infinite patience, quite a little philosophy and considerable durability. When original positions are pretty close, or identical, deals sometimes are clinched in a few weeks. Again, dickerings go on for months, and sometimes end in deadlock.

### Agreements are kept well

AT Teheran, nearly all the decisions were military. Generals who attended the conference, or who had military contacts with the Russians over a long period, agree that, in military matters, the Soviets, while stiff bargainers, usually have kept their word and executed their agreements strictly, provided the terms were sharp and unequivocal.

American military men generally speak highly of the Russians. From Eisenhower down, most of our officers liked their Russian opposites and got along pretty well with them.

Due to policy orders from the Kremlin, the exchange of military secrets was a one-way affair. The Russians gave us no blueprints of their weapons, nor would they allow army observers at their fronts. Early in our wartime relations, we decided not to press the matter, not wishing to jeopardize the important phase of our partnership, the general attack on Germany.

The fact is, it really didn't matter much. Gen. John Deane, for two years head of the American Military Mission in Moscow, says our military operations would not have been affected appreciably even if the Russians had handed over everything they had.

Washington would have liked to have had the benefit of their experience in massed tank maneuvers and defensive devices against the Germans. They were the only ones who had had much experience in continental "green foliage conditions," quite different from African desert operations.

We might also have used their "katushka" (Little Katherine) or rocket bomb. They showed us the bomb but offered no blueprints. However, we learned tank techniques fairly quickly and developed our own rocket bombs.

Russia's contribution to the Lend-Lease kitty did not bulk large in comparison with our shipments to her, but General Spalding, head of military Lend-Lease in Moscow, reports they were delivered with reasonable regularity at Archangel—lumber, pulpwood, chrome, manganese, and "odds and ends" including goosefeathers for pillows and sheep "casings" for sausage containers. Most went to England, to replace materials we had borrowed. Some of the lumber got into our camps in France.

Considering the hundreds of thousands of men involved in the contacts between the two armies of occupation in Germany, it is remarkable there were so few "incidents." In swarms, our soldiers rushed across the line to visit the Russians at many places. A Yank "hadn't been anywhere" unless he had dined with a Russki. We overdid the visiting, and finally bars went up. But not before the Americans had learned how like us the Russians are in many ways—in sense of humor, interest in the human side of life, warm-hearted generosity, geniality and boastfulness. They are unlike us, also—but then, Russians are self-contradictory, like their country.

### Frankness is admired

THE Americans learned that, in spite of their organized secrecy, Russians are likely to admire good-natured frankness and react spontaneously to it.

At the time of Potsdam, Gen. John Hildring, head of the Civil Affairs Division of the Army of Occupation, wanted to motor from Frankfurt to Berlin. He had had a heart attack in a plane at an altitude of 15,000 feet, and his doctor advised against flying. In London, Hildring's fellow officers had agreed:

"There's one stretch you certainly will fly; the Russians won't want you poking around in their area."

At Frankfurt, Hildring went to his opposite number, deciding not to mention the heart ailment but simply to ask for a car to go to Berlin. The Russian shook his head unhappily.

"That will be verree difficult. You see, if you ask for a car, they will suspect you want to look at what we are doing."

"Exactly," Hildring replied. "That's what I want to do!"

The Russian burst out laughing. The car was ready the next morning.

Although he ventured off the main Autobahn several times, Hill-



dring was detained only once—and that time by two Russian sentries who couldn't read Russian. When Hilldring's interpreter explained the legends on the windshield, the sentries let him pass.

Yalta, where international political considerations loomed uppermost, has been a sustained source of headaches for us and unilateral actions on the part of the Russians.

After agreeing to "consult" with both Washington and London before making any important arrangements with the liberated nations, the Russians signed one trade treaty after another with the local governments, then presented us with the accomplished deed.

### Differing ideas of democracy

AFTER agreeing to set up "democratic" regional administrations—also in cooperation with us—they went ahead and sponsored regimes as far from our ideas of democracy as Soviet Russia is herself.

"Democracy" doubtless is one of the keys to the situation. Since Lenin provided them with their original vocabulary of political adjectives, the Bolsheviks have insisted on publicly calling their institutions "democratic." They have a right to coin a new meaning for the word. Actually, they treated the conquered nationals no differently from their own people in Russia.

After months of pressure—we refusing to recognize the governments they sponsored—they finally modified their patterns sufficiently to "liberalize" the Polish Government and allow elections in Hungary and Rumania, in which local Communist candidates were overwhelmingly defeated. In Austria, we and the British finally helped officiate at the polls.

Potsdam netted a greater cordiality between Moscow and Washington. On two issues—the decartelization of Europe and the stripping of German industries—the Russians sided with us against the English.

Uncle Joe Stalin's *fait accompli* regarding Poland and the Oder-Neisse Rivers line, which removed 25 per cent of Germany's food production from the picture, was a hard lump for us to swallow—it meant that we and the British would have to provide the food for the rest of occupied Germany—but we managed to gulp it down with fair grace.

There were fireworks when the Russians tried to get the British and us to sanction their definition of "war booty," a definition which

*"The  
boss was  
all ears!"*

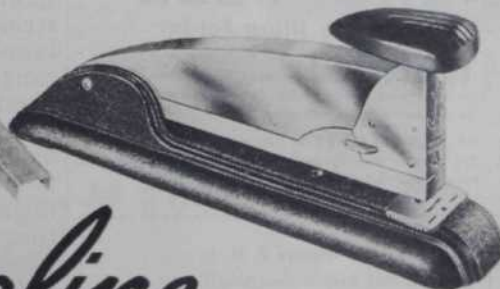
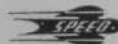
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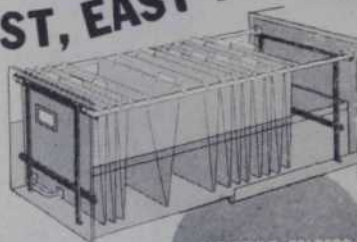
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amounted to "everything in sight." They dropped the matter after several days when they saw it was "no go." However, the Russians already had grabbed the articles; they simply wanted us to squirt international holy water on their actions.

A reparations pattern for the division of Germany's industrial assets at home and abroad was agreed upon which was mutually satisfactory as far as it went. It left unsettled the future of German industry, however.

The Foreign Ministers Conference at London collapsed when we deadlocked with the Russians over the participation of China and France in treaty making with the conquered nations, notably Italy (to which they originally agreed). The severity of the collision may have been wholesome, however.

In the Far East, a black-out curtain separated us until the Moscow conference. Russia has had representatives with MacArthur in Tokyo for some time, but there had been practically no traffic between the American and Russian zones of occupation on the Asiatic mainland.

#### Little cooperation in Korea

WE SENT a military mission to Pyenyang, Russian G.H.Q. in Northern Korea, hoping to set up two-way radio communications between our headquarters and theirs, and to arrange to operate Korea jointly as an economic unit. We had lots of rice in our southern area (Korea's farming region) which their zone needed for food; they had coal and other raw products which Southern Korean homes and industries wanted badly.

After two months, the mission returned empty-handed.

The State Department has no concrete information as yet regarding the amounts of machinery the Russians are said to have taken from Manchuria. Steffan Andrews, a returned New York Times correspondent, says the region is being stripped before the Chinese can take over. As regards the long-range future, the prospect is not particularly alarming.

There will need to be a realistic balancing of economic resources and commercial zones with Russia, inside the United Nations. When they reach their "security objectives" the Russians probably will halt.

Britain's interests clash with theirs in the Near East and possibly Far East, and that may require some wangling. The British usually play on our side. China is friendly.

France has a difficult spot and feels obliged to do what she can for herself wherever she can, but should be with us more than otherwise.

One pleasant aspect of Russo-American relations is the friendliness on the part of the Russian people themselves. Herbert Hoover's American Relief Administration paid big dividends in popular good will in the '20's. General Spalding says it is remembered today. In Vladivostok, at a recent dinner, he happened to mention he had worked for the ARA. Immediately, his hosts were all smiles. Five of the eight present had eaten ARA food in Ukraina in their youth.

#### Russians appreciate our help

THE RUSSIAN PEOPLE know of America's aid in this war. Motor vehicles and Lend-Lease food, bearing U.S.A. labels, are scattered all over the country. General Spalding and General Deane both report seeing them, with the labels in plain sight.

In a totalitarian land, public opinion can be changed from upstairs, of course, which gives the Kremlin an exaggerated role as compared with that of western governments.

Individual personal relations between the heads of our two governments may have an important part in the final story, granted that economic matters are worked out. Personal relations are potent in Russia. Individual power always has been an important feature of the country's history.

It's not necessary to be "pink" to deal with the Kremlin but the successful negotiator does need, first of all, to be friendly. And the friendliness must be genuine. The Russians are a psychic folk and not easily fooled in such matters. Second, the man who gets places with them must "know his onions." They do not respect anyone they can fool. Third, and equally important, he must have the power to deliver. All three qualities are necessary.

President Roosevelt's death had a tremendous repercussion in Russia. The Russians had seen enough of him to make up their minds, not that he was "pink," but that he meant well toward them. His repeated political successes at home had convinced them he had the power.

We need not be too surprised to see the Moscovites play their important cards rather close to their chests for a little while until they think they know what is happening in Washington.



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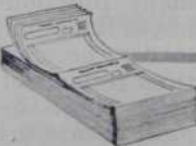





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## Striking Out Strikes

STRIKES can be kept at a minimum. This has been proved in Minnesota, notably in Duluth and St. Paul with populations of 100,000 and a quarter of a million, respectively.

In 1944, for instance—the last year in which complete figures are available, the state labor conciliator, Leonard W. Johnson, reports that while for the nation as a whole 1.5 per cent of the nation's workers were involved in strikes, only .3 of one per cent left their jobs in Minnesota.

The record is even better than that in Duluth where there has not been a single serious strike since before the war, involving an American Federation of Labor union.

### Strikes are discouraged

BETTER relations began in 1937 with adoption of a program for clearing threatened strikes through a policy committee of the Federated Trades Assembly, a delegate body of some 70 AFL unions. First requirement is that there be an earnest effort to settle the dispute before the general labor movement will support a strike. The policy committee conducts an investigation and holds conferences with both sides.

Labor and management leaders hold frequent meetings on many problems of mutual interest. It used to be that the only time they got together was to argue about grievances and to negotiate contracts. Joint committees on varied municipal and civic matters were frequent before the war but the war years accelerated the tendency of both groups to cooperate.

Persons not directly interested in either group are asked to participate in discussions of problems affecting labor and industry. The program and aims of labor are discussed in relation to their effect on the community.

Not only is there a better understanding of how the labor movement functions and of what it hopes to accomplish, but the labor leaders become more cognizant of their responsibility. They are made aware that the public interest is most always involved and that every problem has two sides and often a third—the right one.

Duluth business leaders have refused to give their support to antilabor and restrictive legislation. At the same time, labor lead-

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ers have given their support to much of the legislative program of business. When restrictive labor legislation was before the 1945 session of the Minnesota Legislature every one of the nine representatives and senators from Duluth districts voted against it. In the previous session—1943—the local chamber of commerce went on record as opposed to legislation which would unduly restrict activities of organized labor.

The AFL movement in St. Paul operates on much the same program. There, too, strikes have been few in the past eight years.

It has been proved in these cities that both management and labor can work together harmoniously and in doing so learn to know and respect each other. Such a method was proposed by Comdr. Harold E. Stassen, former Governor of Minnesota, before a national employers' association in New York in November, 1945, when he said:

"Business executives should select small groups of workers to spend an evening with—not to talk about collective bargaining, but about schools and health and civic problems, to achieve a new relationship among human beings."

It works in Minnesota.

—A. E. RAMBERG

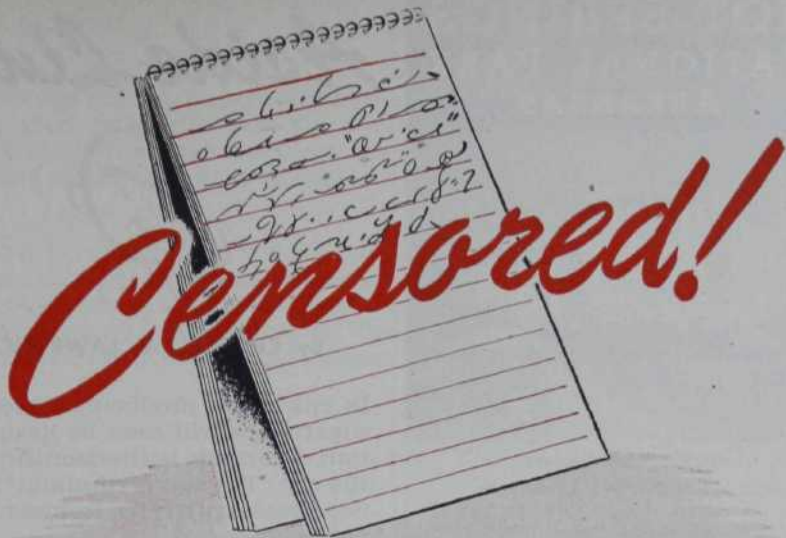
#### DO YOU KNOW THIS?

By C. C. Beck

#### WHO GOT THE MOST FROM INCREASED BUSINESS?



THE DUPLAN CORPORATION, which operates seven textile mills, uses posters like this one to report progress to its employees. Company experiments have proved that the cartoon-like drawings make the ideas more real and more interesting than mere printed statements, and that presenting the facts one at a time in poster form makes them register better on the worker's mind.



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## Aside Lines



By CHARLES W. LAWRENCE

IN THE maple producing states the sugar trees will soon be in operation. February is the month when the cry "The sap is running!" does not necessarily refer to some local politician.

★ ★ ★

A CONSERVATIVE is one who hates to see anything happen the first time. A liberal is one who hates to see it happen the second time.

★ ★ ★

It is conceded that President Truman's public health program has many good points, but it is doubtful if it will assure us all a ripe old age. Many of us will continue to attend luncheons.

★ ★ ★

THE population of the United States passed the 140,000,000 mark last October. Eddie Cantor and Bing Crosby insist it is now up to the rest of us.

★ ★ ★

THE American Institute of Laundering is engaged in research to discover how some of the new synthetics react to cleaning. We shall be most interested to see how the process works on some of our current literature.

★ ★ ★

CORK trees now being planted throughout the South promise us a domestic supply by 1965. The prohibition forces promise, however, that by then we shall have no important use for it.

★ ★ ★

THE Government reveals that American industry spent \$6,700,000,000 for new plants during the war. So far, the unions have not spent quite that much keeping them closed.

★ ★ ★

FRANCE is experiencing the worst wine shortage in her history. The situation is so desperate that French scientists are investigating

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the possible beverage potentialities of water.

\*\*\*

PLYWOOD manufacturers are moving their new mills into the forests. Most other manufacturers are trying to get out of the woods.

\*\*\*

THERE is considerable agitation for through railroad passenger service between the East and the West. It is time, many people think, for the twains not only to meet but to pass.

\*\*\*

WE ARE given little reason to expect reductions in inheritance taxes. Congress does not worry about the high cost of leaving.

\*\*\*

TO COMBAT a 60,000-ton deficit in the lead supply in the first quarter of this year it will be necessary to draw on the Government's stockpile. Unfortunately, there seems little chance of getting any out of its pants.

\*\*\*

THE National Bureau of Standards is seeking peacetime uses for the phosphorescent tape which was so useful during the war. Phosphorescent, that is, not red.

\*\*\*

THE Interior Department is installing a pump at Grand Coulee dam which will squirt enough water every hour to bathe every man, woman and child in the U. S. If the Department can bathe our child every hour, Mr. Ickes is our man.

\*\*\*

THE Bell Telephone laboratories have developed a method of making speech visible. This will be a boon to the hard of hearing—at least those who are unmarried.

\*\*\*

THE smart woman does not become upset by the expression on her husband's face as she presents him with the monthly bills. She comes to recognize it as just the look-of-the-month.

\*\*\*

FUR sales have skyrocketed this winter despite the luxury tax. We have just fought a war against intolerance, and our wives refuse to entertain any silly prejudice against the mink.

\*\*\*

D.D.T. is now being produced at the rate of 2,750,000 pounds a month, but the need still exceeds the supply. The country remains infested with paraphrappers.



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#### Common Stock Dividend No. 120

A cash dividend declared by the Board of Directors on December 19, 1945, for the fourth quarter of the year 1945, equal to 2% of its par value, will be paid upon the Common Capital Stock of this Company by check on January 15, 1946, to shareholders of record at the close of business on December 28, 1945. The Transfer Books will not be closed.

E. J. BECKETT, Treasurer

San Francisco, California

## Everybody Has Ideas

YES, everybody—the butcher, the baker, the candlestick maker—has ideas, but how to get them out of hiding and into action is something else again.

Yet, in Manhattan, Kan., a college town where the Chamber of Commerce Secretary is an ex-teacher, it was elementary. The answer was the "bull session," that time-honored campus institution for the settlement of weighty problems. In Manhattan the bull session method was used to develop a chamber work program for 1945 projects, and members are enthusiastic.

### Suggestions from everyone

IN other years the chamber program had been developed by the "opportunistic method"—in committees or through questionnaires. All the old methods had been tried and found wanting. But the new idea—the use of small group discussions in which each member might air his own suggestions—has really clicked.

But how does a secretary go about rounding up for bull sessions 450 busy members, including 107 Kansas State college professors plunged into research, farmers planting their fields, and business men serving their town? And how can the sessions be arranged to include a cross section of all this varied membership at each meeting?

The A, B, C's were employed to make the divisions; and 11 small discussion groups were made by dividing the alphabetical roster into equal parts with about 40 members in each.

Then came the job of "getting them out." Members of each small group were sent letters pointing out the need for an effective program. In clear, simple statements the letter explained that the chamber wanted to hear all ideas and an invitation was made for the member to attend a "bull session" and air his own views. The letters were mailed six days prior to each meeting.

But "follow-up," in the eyes of chamber officials, played the most important role in this phase of the plan. On the day of his session each member received a telephone call asking for confirmation of his acceptance. Although this "follow-up" turned out to be the biggest job

of all, it produced the best results. During the 11-day period more than 1,000 calls were made, for, if a member could not attend his scheduled meeting, he was invited again and again until a convenient time was found.

As a result the sessions were attended by more than 50 per cent of the membership and more than 90 ideas were thrown into the chamber program hopper.

At the beginning of almost every session, members arrived wary and bewildered, doubting that they had any contribution. Yet such was the stimulation of hearing the next fellow talk that reserve melted, ideas flew, and all of the meetings (scheduled for one hour) ran to at least an hour and 50 minutes. A twelfth session had to be arranged for those unable to attend the others and every group voted for an encore next year.

A different member of the board acted as chairman at each meeting and presented four general chamber objectives: Educational advancement, agricultural and industrial development, civic improvement and trade promotion.

### Suggestions were listed

UNDER each of these headings the members were asked to give their own ideas for projects which would then be considered by the board and sent to committees for action if accepted. A list of all suggestions was kept by the secretary.

Best results came when each group was allowed to "start from scratch" with only an outline of the broad objectives as a lead. When one idea was thrown in and explained briefly, others quickly followed. Reading of suggestions under the same heading which had been presented at previous meetings closed each session.

Having come together, these small groups heard the problems, discussions and arguments of the other fellow, and everyone began to develop an amazing spirit of co-operation and understanding.

Board members estimate that more projects were presented in the bull-sessions than would otherwise have been conceived in 10 years; and, in addition, frequency of mention of the various ideas gave a cross section of public sentiment.

—VIRGINIA COWAN AND C. C. KILKER



# Reading for Pleasure or Profit...

## "Big Business in a Democracy"

By James Truslow Adams

IS BIG business more efficient and more democratic than small business? James Truslow Adams claims it should be—and is, in the case of General Motors, his ideal for private enterprise. With this example, he shows how gigantic corporations, relying on an intelligent "two-way flow" of responsibility between central headquarters and division offices, can maintain their supreme efficiency for mass production without sacrificing flexibility to size. There is no such thing, he says, as what Justice Brandeis called "the curse of bigness."

He maintains, too, that giant industries can offer, as does GM, business' best type of democratic administration, with trained advancement for a large body of managerial talent. Ford, a one-family business, does not fulfill this ideal, an ideal Adams contrasts, also, with the small patriarchal mills of early New England and the ruthless railroad tyrannies of the Jay Gould period. Only now, he declares, has American business achieved its perfect flowering, with GM, "an empire in itself" staffed by "business statesmen."

None can doubt that GM is imperial, the biggest industrial corporation in history. Adams' book, "Big Business in a Democracy" (Charles Scribner's Sons, 597 5th Avenue, New York 17; \$2.75), describes it in detail and is of special interest today, when strikes have focused attention on General Motors. Here we watch its meteoric rise, from 1908 when GM was organized with Buick and Oldsmobile as its nucleus; through 1910 when, having absorbed Oakland, Cadillac and others, it bid \$8,000,000 for Ford but failed to close the deal; and on, through spectacular accomplishments, until 1944 when this gargantuan concern, with 424,000 stockholders and 466,000 employees, filled more than \$4,000,000,000 worth of war contracts.

Adams is unlike many of his academic colleagues in concluding so strongly for the free enterprise system—after a long, far-famed career as a historian of America. He begins his book with a survey of all history, arguing that the principles perfected at GM, individualism and the profit motive, have inspired every human advance.

## "Officially Dead"

By Quentin Reynolds

HERE'S a true adventure story, a quickie that packs a wallop. Columbus Darwin Smith was a sea-faring man. He'd been around the world as often as string around a ball of twine. He'd been a pilot on the robber-ridden Yangtze, where

life is cheap. Just before Pearl Harbor, he joined the U. S. Navy. The Japs caught him in Shanghai. He shouted so loud and frightened them so much that they never laid a finger on him in their torture chambers. But they did put him in Shanghai's Ward Road Jail, behind iron bars and two 25 foot walls.

From there Smith organized his incredible escape, with a British officer and an American Marine. For six weeks they made their secret trek across China. Pursued by Jap planes and helped by Chinese guerrillas, they sneaked, half starved and bleeding, through the rice paddies. You cannot escape the suspense until they're safe in India.

Smith told his heroic story to Quentin Reynolds. And Reynolds makes of it, in "Officially Dead" (Random House, 20 East 57th Street, New York 22; \$2.75), tiptop excitement.

## "Saints and Strangers"

By George F. Willison

THE Pilgrim Fathers come in for unprecedented, lively treatment in George F. Willison's "Saints and Strangers" (Reynal and Hitchcock, 8 West 40th Street, New York 18; \$3.75). Formerly shrouded in patriotic reverence and sicklied o'er with the pale Victorian sentiment of Longfellow's "Courtship of Myles Standish," they emerge here in their true colors; intolerant, angry, passionate, practical, and charged with a broad Elizabethan zest.

On the fine point of historical accuracy, Willison pricks the bubbles of the Pilgrim myth. These forefathers did not land on Plymouth Rock; they may not have eaten turkey on the first Thanksgiving (which occurred in October); they *did* drink liquor and wear bright clothing; they were not half so dreadingly virtuous as tradition paints them.

To any American their true story will come as an absorbing revelation.

Hardheaded always, the Pilgrims seldom let religious scruples interfere with practical affairs. They weren't afraid of getting tough with nearby colonists, who came as rivals for the Indian fur trade. And often religious principle itself was turned to private advantage, as in the following town-meeting resolution: "Voted, that the earth is the Lord's and the fullness thereof; voted, that the earth is given to the Saints; voted, that we are the Saints."

It has been thought that the Pilgrims stood for democracy; but, in the Plymouth of 1643, out of 3,000 settlers only 232 had the rights of freemen. It has been said that they stood for religious tolerance, but this legend, too, is exploded in "Saints and Strangers." The Pil-

grims were "Saints"; those of all other faiths they called "Strangers," treating them accordingly.

They did allow some open discussion of religious principles, but this in no spirit of tolerance, each party damning the other to eternal fire. Religious differences followed lines of private rivalry, and scriptural texts were hurled as personal abuse—as in the famous Milinery War, when certain homely goodwives, jealous of the better-dressed Thomasine Johnson, divided the little group in a long doctrinal feud.

These include some of the Pilgrims' shortcomings, as described in "Saints and Strangers." To their credit is, of course, that dogged courage tradition already assigns them, along with an unguessed fullbloodedness. Adultery was punished by death at Plymouth; but love, intrigue and war played vital parts in the colorful story.

## "The Practical Cogitator"

WHATEVER you think, here, very probably, you will find it said. Most of these selections, in "The Practical Cogitator" (Houghton Mifflin, 2 Park Street, Boston 7; \$3.00), "strike the reader as a wording of his own highest thoughts and appear almost as a remembrance"—to use a phrase of Keats quoted in the book. Every passage (some a single line, some several pages) is striking, witty, and memorable; the whole anthology a many-faceted mirror of the world.

As everyman's bedside volume, "The Practical Cogitator" is unrivalled. It will fulfill Montaigne's prescription for good books: "They relieve me from idleness, rescue me from company I dislike. They are my comfort and my solitude."

Yet, with "The Practical Cogitator," "reading is not a half-sleep," to quote Walt Whitman, "but in the highest sense an exercise," even "a gymnastic struggle."

The editors, Charles P. Curtis, Jr. and Ferris Greenslet, have arranged their selections in startling, disturbing contrasts. You agree with one only to be contradicted by the next. The reader must think for himself.

In the section on business, for example, Geoffrey Crowther argues effectively for "taking off the brakes," leaving the profit motive "free to stimulate the maximum activity"; but on the next page the philosopher, Whitehead, may persuade you that this "motive of success is not enough. The cycles of trade depression . . . warn us that business relations are infected through and through with the disease of short-sighted motives."

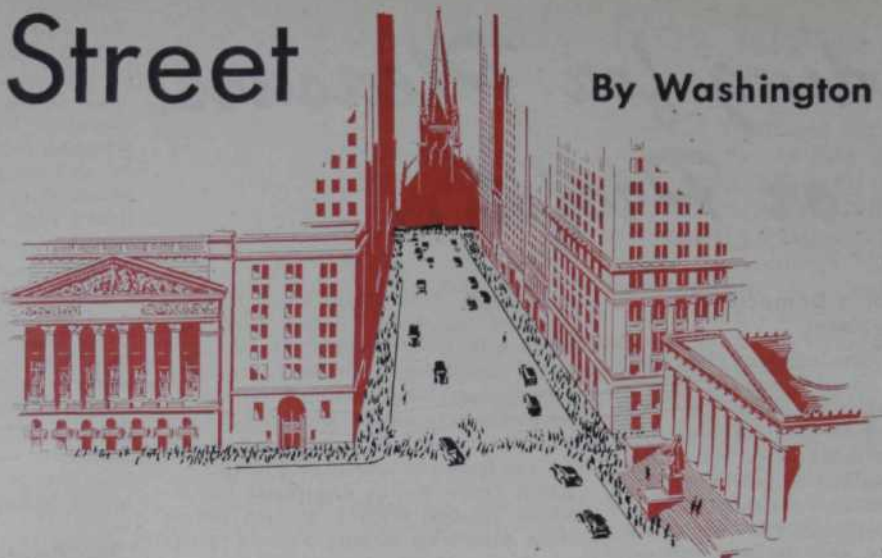
"The Practical Cogitator" quotes from the whole world, from Plato and Joseph B. Eastman, from Heraclitus and Gertrude Stein. But its emphasis is on modern Americans: James, Holmes, Emerson. It emphasizes, too, the "extrovert" thinkers, and avoids the austere, giving preference to quotes like that from a lady's letter to Horace Walpole: "Come, come, the passions are what make you think!" or from an astounding, little-known translation of Ecclesiastes, where the main theme is "be not overrighteous . . . eat, drink, and have a good time."

—BART BARBER



# Our Street

By Washington Dodge



## Meeting day

SOON all our readers who own stocks (we hope their shares were bought when the present snorting bull market was a gentle calf market) will be receiving proxies for annual meetings—proxies that cordially invite them to attend but are *per se* admission that bodily presence is considered unlikely. SEC has busied itself mightily over proxies, and it is indeed a careless and carefree stockholder who does not bother to read the proxy solicitation as carefully as the balance sheet itself. But, fortunately indeed for democracy although unfortunately for many pocketbooks, SEC cannot legislate against stockholder negligence. And one of the big manifestations of this negligence is a general unwillingness to attend stockholders meetings except in times of great corporate crisis.

Recently I attended the annual meeting of a corporation which had been more or less of a family affair in the past but which recently acquired many public stockholders. The president was a little nervous but had prepared a comprehensive message and had operating officials present to help answer any queries. He knew his responsibilities and was prepared to discharge them. But the meeting ran off with the precision of a turret lathe—the handful of public stockholders present sat in a complacent stupor.

Obviously all stockholders cannot go to all meetings—distance and time are often barriers. My criticism is of the larger shareholders who could well afford to attend or send a really qualified representative but who have succumbed to the "Let Charlie do it" attitude and who feel failure to hand in a proxy is unkind to management. Actually the reverse is

true. Most corporate presidents welcome a genuine and continuing stockholder interest. Unfortunately, they are as perplexed as everyone else as to how this can be achieved. Perhaps a Stockholders Union is the only answer. Correspondence welcome.

★ ★ ★ ★ ★

## North o' the border

BECAUSE of a youthful financial folly, my name has won a place on some prime mailing lists. Although salesmen no longer telephone me with hoarse cries of "Gold," the flow of mail continues unabated. Some of the literature is shoddily assembled, filled with claims so extravagant that only a dunce could fall. But the greater part is prepared with frightening ability.

As an example of the latter, let me quote from a bulletin just received:

"A few months ago, there came into our offices a character who from all appearance stepped out of a book of Frontier Day fiction. . . . He was a prospector—in all that the name implies . . . stocky, swarthy, dressed in the manner of the great outdoors. Throwing his battered hat upon my desk, he sank his heavy-set frame into an easy chair and lit up his pipe . . . opened his carpet bag and drew therefrom two large heavy canvas pouches and proceeded to dump the contents on my polished desktop. Each piece of rock was of blue quartz streaked with sulphides with free visible gold gleaming throughout; if assayed by the ton they were literally worth a king's ransom.

"I closely examined the quartz samples on my desk with suppressed excitement and asked

what I could do for him. These were his exact words: 'Pardner, do you want "in" on a new gold find that will make Hollinger, Dome, Lake Shore and McIntyre look like a small time operation. . . .'

"Before an hour had passed we had the properties under contract, lock, stock and barrel. . . . I have despatched engineers fully equipped to the properties. They are checking and double checking every possible claim and statement. . . . Only after they assure us and only after the sample assays prove that this is really a fabulously rich mine, then and then only will we call upon you to exercise your subscription reservation."

Some time in these columns I hope to discuss SEC and to point out what I consider are legitimate grievances against it. But, after reading the stupendous solicitations from north of the border, I thank the Lord that we do have an SEC in this country.

★ ★ ★ ★ ★

## Men at work

THE ten o'clock-three o'clock Wall Street day has become as obsolete as its antithesis, the ten-hour factory day. This is due to no sudden burst of industriousness down on Our Street but rather to the fact that the only brokers who could survive the Hard Times and Harsh Reforms were those with something more to offer than a charming dinner-party manner, a sumptuous apartment for entertaining, or a \$1,000,000 smile ensconced in a \$250 suit.

In more recent times, The Street having lost its allure as a gambling joint ("casino" is the remembered



# *An Opportune Time to Raise New Capital*

Established companies planning expansion programs, yet wishing to conserve their present working capital, are presented with an opportunity at this time for raising additional capital on unusually favorable terms. Similarly, companies possessing strong management and unusual growth prospects which have not yet been introduced to American investors, may also find current market conditions favorable.

The firm of Smith, Barney & Co. offers its facilities to American enterprise for raising new capital and providing funds for refinancing of outstanding securities. During recent years, apart from public utility issues purchased under competitive bidding rules, we have been syndicate manager or co-manager for the public issuance of securities for the following corporations:

The American Rolling Mill Company  
Arkansas Louisiana Gas Company  
Armstrong Cork Company  
Atlantic City Electric Company  
Atlantic Coast Line Railroad Company  
The Atlantic Refining Company  
Bangor Hydro-Electric Company  
Bethlehem Steel Corporation  
Central Hudson Gas & Electric Corporation  
Chicago and Western Indiana Railroad Company  
The Dow Chemical Company  
Eastern Air Lines, Inc.  
Fairchild Engine and Airplane Corporation  
General Shoe Corporation  
Hooker Electrochemical Company  
The Hoover Company  
Houston Lighting & Power Company  
P. Lorillard Company  
The Glenn L. Martin Company  
Monsanto Chemical Company

The New York, Chicago and St. Louis Railroad Company  
Northern States Power Company (Wisconsin)  
The Pennsylvania Company for Insurances on Lives  
and Granting Annuities  
Pennsylvania Glass Sand Corporation  
Pennsylvania Power & Light Company  
Philco Corporation  
The Pure Oil Company  
Rochester Gas and Electric Corporation  
Scott Paper Company  
Sharp & Dohme, Incorporated  
A. E. Staley Manufacturing Company  
Thompson Products, Inc.  
United Drug Company  
Hiram Walker and Sons, Inc.  
The Warner & Swasey Company  
Wilson & Co., Inc.  
The Youngstown Sheet and Tube Company  
The Youngstown Steel Door Company

It is obvious that, in the decade ahead, opportunities may best be availed of by companies in strong financial position. Members of the firm and staff are available for consideration of corporate finance problems and for consultation with corporate executives and counsel in the arranging of new financing. Facilities are also provided for private placement of securities where that is an advisable method of procedure and for taking the steps necessary to broaden the ownership of closely held or family companies.

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"Where Quality is a Responsibility and Fair Dealing an Obligation"

word of a remembered reformer), new recruits have been men who appreciate that knowledge and diligence are more powerful than "the inside tip." Last month we discussed The New York Society of Security Analysts—this month we'll consider the New York Institute of Finance (hereinafter, as counsel would say, referred to as The Institute).

The most important part of The Institute's curriculum is a group of courses (eight currently) in Brokerage Procedure. Internally our business is highly complex—many an able margin clerk would be lost in the P & S (Purchase & Sales) Department, and all too many able partners would be lost in any "back office" department whatsoever.

Another group of courses deals with investment analysis. No amount of learning can make a successful analyst if the basic qualifications (and on what they are no analysts agree) are not there, but the achievement of success is facilitated by the practical training of The Institute.

This type of educational work is also utilized by men and women studying for the Stock Exchange's rigid examinations before an employee can handle customers' accounts. Correspondence courses extend the studies to out-of-town brokers.

A third activity of The Institute consists of special lectures by qualified guest speakers. Because these lectures reveal what the alert broker must know these days, I'll name a few: "Rockets and Jet Propulsion," "South America," "Electronics" (seven lectures), "Synthetic Plastics" (six), "Development of American International Air Transport" (six).

As this is written the current series is on "Building" with such topics as "The Solar House," "Lighting Sources of the Future," "Plywood in the Home."

The Institute began in 1922 as the New York Stock Exchange Institute but became a private school in 1941 under the management of Albert P. Squier with Robert Cluett 3rd, a scholarly partner of the large firm of Burton, Cluett & Dana, as co-director. It has continued to receive the Exchange's blessing in the form of use of classrooms and other ways and most people in the Street were not aware of the technical change.

Enrollments in the 1941-42 school year were low for obvious reasons—a total of 792 of whom 46 per cent were students at the lectures on receivership railroads given by the undisputed champion

of that field, Patrick McGinnis of Pflugfelder, Bampton & Rust—lectures which should have turned out highly profitable to those who listened. An interesting commentary on the times is that the average age of the students in the Street that year was 42! By the next year enrollment was up to 1,071, of whom 158 were taking one or more of six courses on military training. For the fall term of 1945, enrollment was 740, spread over 20 courses given by 17 instructors.

The notable contribution of The Institute to Our Street is that it helps answer our two responsibilities—that to the men and women whose money we handle and who rely on us to possess knowledge they have neither time nor perhaps ability to possess—and to our own employees. No statistics are available, but I believe it would be a rare firm that did not offer to pay the modest tuition involved for any employee who desired to study at The School in Our Street.

★ ★ ★ ★ ★

## Green

AN ex-trust officer of a large banking institution swears to the veracity of this:

Some years ago a gentleman who had often been mulcted by purchases of securities hot off the press wrote into his will a very strong prohibition against his executors buying any "green securities."

When the bank in due course became executor, it asked learned counsel for a precise definition of "green securities." Counsel replied that, in popular usage, the phrase meant unseasoned securities and that the bank should buy no security that had not been listed for at least five years. But, added counsel, to protect itself the bank should also buy no security the certificate of which was printed in green ink. Counsel being what counsel is (and is paid for being), the bank has meekly agreed that now, before any purchase is consummated, hurried calls must be made to determine the color of the certificate in question.

And, during the War, Arthur Wiesenberger of the firm bearing his name received a cable from a Swiss bank to buy some H. L. Green stock as per previous correspondence. The cable read: "PROCEED GREEN WITH CAUTION." The cable was delivered, not by cable boy but by a representative of the Censor who was very suspicious about the entire matter.



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*sphere, except Canada.* Your factory here would not be in some foreign country, but right in the U. S. A.—in *Puerto Rico, U. S. A.* To the right type of concern, Puerto Rico offers advantages to be found nowhere else on American soil. A reading of *Industrial Opportunities in Puerto Rico, U. S. A.*, will lay these advantages before you. The coupon below brings you this booklet without cost or obligation of any kind.

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Condensed Statement of Condition December 31, 1945  
RESOURCES

Cash in Vault and in Federal Reserve Bank . . . . .	\$ 675,747,941.26
Due from Banks . . . . .	328,846,225.31
<b>TOTAL CASH . . . . .</b>	<b>\$1,004,594,166.57</b>
United States Government Obligations, direct and fully guaranteed . . . . .	3,135,746,035.32
State, County, and Municipal Bonds . . . . .	276,912,248.16
Other Bonds and Securities . . . . .	114,421,394.58
Stock in Federal Reserve Bank . . . . .	6,092,600.00
Loans and Discounts . . . . .	1,018,741,455.87
Accrued Interest and Accounts Receivable . . . . .	17,248,685.19
Bank Premises, Furniture, Fixtures, and Safe	
Deposit Vaults . . . . .	25,533,282.53
Other Real Estate Owned . . . . .	236,891.92
Customers' Liability on Account of Letters of Credit, Acceptances, and Endorsed Bills . . . . .	26,324,950.15
Other Resources . . . . .	212,216.77
<b>TOTAL RESOURCES . . . . .</b>	<b>\$5,626,063,927.06</b>

LIABILITIES

Capital:	
Common (8,000,000 Shares) . . . . .	\$ 100,000,000.00
Preferred ( 404,278 Shares)* . . . . .	8,085,560.00
Surplus . . . . .	96,500,000.00
Undivided Profits . . . . .	20,655,495.46
Reserves . . . . .	4,191,446.63
Preferred Stock Retirement Fund . . . . .	162,053.65
<b>TOTAL CAPITAL FUNDS . . . . .</b>	<b>\$ 229,594,555.74</b>
Reserve for Bad Debts . . . . .	18,106,619.15
Demand . . . . .	\$3,304,532,369.14
Deposits . . . . .	5,339,307,098.44
Savings and Time . . . . .	2,034,774,729.30
Liability for Letters of Credit and as Acceptor, Endorser, or Maker on Acceptances and Foreign Bills . . . . .	26,616,678.57
Reserve for Interest Received in Advance . . . . .	4,837,849.34
Reserve for Interest, Taxes, etc. . . . .	7,601,125.82
<b>TOTAL LIABILITIES . . . . .</b>	<b>\$5,626,063,927.06</b>

\* Issued at \$50 (\$20 Capital—\$30 Surplus), Annual Dividend \$2. Preferred to extent of and retirable at issue price and accrued dividends.  
This statement includes the figures of the London, England, banking office.

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## About Our Authors

**Felix Morley:** brings training as a reporter, a philosopher and research worker to his diagnosis of "The State of the Nation." Starting as a reporter on the Philadelphia *Public Ledger* in 1916, he arrived, in 1933, at the editorship of the *Washington Post* and is now editor of *Human Events*, a weekly analysis of world affairs. Along the way he has collected various college degrees, fellowships and literary awards (including the Pulitzer Prize for editorial writing), has been president of Haverford College, a staff member of Brookings Institution, director of the Geneva office of the League of Nations Association of the United States and has written speeches for President Roosevelt.

**Eugene Lyons:** returns this month as the regular contributor of "The U. S. and World Affairs," a section devoted to the economic and social changes taking place in the world today. Editor of the Soviet Russia *Pictorial* from 1922-1923, assistant director of the Tass Agency, 1923-1927, and United Press Correspondent in Russia, 1928-1934, his background makes him ideally suited as an interpreter of the ever-changing world scene. Mr. Lyons was editor of *The American Mercury* for many years.

**Edward T. Folliard:** contributor of "Washington Scenes," has spent the past 20 years or more covering just that. Starting as a cub reporter covering police news and other routine matters on a Washington paper, he worked his way up to become a successful Washington correspondent. Among his special assignments were the Canadian tour of the King and Queen of England in 1936 and the Roosevelt-Churchill conferences in Quebec. In addition, he has the unique distinction of being a Washington correspondent who is a native Washingtonian.

**Paul Wooton:** who has been a Washington correspondent for the New Orleans *Times-Picayune* since 1914, will do "The Month's Business Highlights" for NATION'S BUSINESS. Not only has he covered important industrial developments in European countries, but he has been president of the White House Correspondents Association and the National Conference of Business Paper Editors. Mr. Wooton is the newly elected president of the National Press Club and a member of the Editorial Board of Chilton Publications, publishers of some 14 business and industrial papers. In addition to writing a column for the business press, he is the 17th oldest member, from



length of service—31 years—of the Press Gallery of Congress.

**Emil Schram:** learned of the need for encouraging capital while serving with various real estate and development projects in his home state, Illinois. Having lent billions of government money since coming to Washington as division chief—later chairman of the board—of RFC, he speaks now for private investment. He left government service in 1941 to become president of the New York Stock Exchange.

**Alexander Wiley:** now serving his second term as U. S. Senator from Wisconsin, has written on a subject which is especially timely this year when one-third of the Senate and all of the House will be up for re-election. Before coming to Washington, the Senator practiced law and served as district attorney in his home county.

**Samuel Crowther:** who warns that never in history has anyone believed inflation possible until it arrived, has watched the phenomenon develop in many foreign countries, notably in Germany, where he was a correspondent after World War I. Out of practical experience in monetary matters gained through membership on several official committees studying the subject, he has written numerous articles and a score of books of which "What We Earn—What We Owe" and "Time to Inquire" are the most recent. He is a member of both the American Academy of Political and Social Science and the Academy of Political Science.

**Paul Hollister:** is in an excellent position—as a vice president of Columbia Broadcasting System—to observe and analyze radio's growing pains. Before turning to radio he had been in advertising and, from 1932 to 1940, executive vice president of R. H. Macy & Company.

**L. G. Dillon:** is the pen name of a foreign trade expert who uses it to prevent his personal opinions from being accepted as official views. Since the United States frequently follows, a little later, courses on which Great Britain has embarked, his observations, based on his daily study of business developments across the Atlantic, have a domestic, as well as international, significance.

**Millard C. Faught's** own story, like the one he has written for NATION'S BUSINESS, sounds like a boom story. Orphaned at the age of 12, he worked his way through most of grade school, all of high school and through an A. B., M. S. and Ph. D. at Columbia. He says there is nothing romantic about it either. He has been a regional information chief for the War Foods Administration, assistant director of public relations for the Nash-Kelvinator Corporation and is now on the staff of C.E.D. Mr. Faught is also the author of a book entitled "The Care and Feeding of Executives."

*Either I am foremost horse  
in the team, or I am none.*

JOHN FLETCHER



## AS TEMPERAMENTAL AS TENORS

GOOD HORSES have personality. Some of the best are as temperamental as opera tenors. One must lead the team or he won't pull. Another won't pull when put in the lead, but cheerfully hauls more than his share when alongside other good workers.

Makes a fellow think of a local Chamber of Commerce—the leaders leading, the workers cheerfully hauling a little more than their share of the load. It's best that way because some men like to make plans, make speeches, show the way. Others prefer to follow, to work along quietly, to get one job done and go on to another.

An effective, successful Chamber of Commerce needs men of both kinds. Whichever you are, your Chamber has a place for you. If you are a leader here is the place to lead. If you prefer to pull in the team, here is a load to haul.

No matter how good your Chamber manager is, he can't do his most effective work without your help. Ask him what you can do. Then if you want to dig deeper into the possibilities of Chamber work, read "Local Chambers, Their Origin and Purpose." Ask for a copy. It's free.

CHAMBER OF COMMERCE OF THE  
UNITED STATES OF AMERICA

WASHINGTON · D C



# On the Lighter Side of the Capital



## The worm turns

ON ANY given day, you can find a gaggle of lady lobbyists swarming all over Capitol Hill, usually running in packs. Most of them are paid lobbyists, too, representing every conceivable kind of organization, a great many of them having obscure causes. Now and then, one of the women will get prominently into the news after beating up a Capitol policeman with an umbrella or upsetting a committee meeting by shouting "Treason!" at the chairman or by throwing a faint in the rotunda of the Capitol itself.

They make life interesting on the Hill, only not for the members of Congress but for their secretaries especially.

Let it be understood that the lady lobbyists referred to are not to be confused with women committee witnesses

on sober matters of general interest. No. These characters are inevitably "retired" gentlewomen with no business of their own to mind but hell-bent to mind somebody else's, especially if



there's a small fee attached. They work for "National committees" such as: "Draft Everybody But Not My Baby," or "The National Committee For a National Memorial to Ichabod Crane." (You can make all kinds of money organizing a committee like that.)

And the lobbyists can get very nasty. Most members of Congress simply won't see them, so their fire is concentrated on the receptionists and secretaries who "yes" them to death rather than get in arguments with them, which is easy. The quickest way to get rid of them is to say "yes," not listen, accept a pile of tracts and forget it.

But on the Hill last month a long experienced Senate secretary was quitting his job to go into private business. For the ninth time in a month the same squad of elderly women pinned him to his chair and demanded his views about their particular cause which is only slightly less obscure than a page of Sanskrit. This went on and on.

Finally, emboldened by the fact he was leaving anyway, he summoned one of his stenographers and asked her to take down the following speech to the visiting delegation:

"Look, you've been in here nine times in the past month trying to see the Senator. You're not going to see him. You aren't ever going to see him. He doesn't know anything about your crusade and nobody else does—or cares. If you were really sincere you wouldn't be

lobbying. You'd have somebody else do it. Let me give you a little advice. Go out and get yourself about half a dozen good looking young girls smart enough to learn a spiel. They'll get in to see the Senator—or any Senator—and quick."

## Politics, Spanish style

POLITICALLY-MINDED folk will watch the United States Senate race in New Mexico this year with huge interest. It seems that the explosive Gen. Patrick J. Hurley, not long resigned as ambassador to China, has achieved legal residence in that state and proposes to run for the Senate seat now held by the Hon. Dennis Chavez.

For a long time, many people who acquired distinction somewhere else would talk about "moving to New Mexico and running for the Senate." Some of them did it. The idea was that the English speaking population was small, the Spanish speaking population wouldn't much care, and it was an easy way to get to Congress if you had money and time to campaign.

But there's been some changes made. The Spanish speaking counties vote like all get out these recent years, in large part because they have in Mr. Chavez a native son who is as completely Spanish as a tortilla.

Last time Mr. Chavez was up for re-election, the returns from the Spanish counties were late getting in and when they did come in there were enough of them to overcome the advantage momentarily enjoyed by his opponent.

Some national columnists who had invited themselves into the New Mexico fight were upset by this turn of events. They made snide allegations that the Chavez friends trotted Mexicans across the line, voted them here and there, and then held the returns back until they saw how many were needed to insure Dennis' re-election.

The Senator retells the story himself, and it never caused him a moment's concern, he says.

As things turned out, every vote from the Spanish-speaking counties was legitimate. The fact that there were so many of them meant, merely, that the boys and girls would go to the polls for a native son but had been accustomed to sit home if only outlanders were running. The delay in the returns was occasioned by bad weather conditions, and, of course, parts of New Mexico are pretty rugged, without telephones, and communication is always difficult.

Musing on General Hurley's possible entry, Mr. Chavez commented the other day: "That will be something to see,"

just as if he were an innocent bystander instead of one of the principals.

Friends of General Hurley, whose name is "O'Hurley" according to Drew Pearson, might make a few New Mexican votes by billing him as Pedro Hurlez in the Spanish counties.

## While the cat's away

SENATOR Hugh A. Butler of Nebraska is up for re-election next year, and he's reliably reported to face a tough job getting the Republican nomination. While Butler has been in Washington, Governor Dwight Griswold has built a well-running organization for himself, aiming at the Senate seat. What is happening in Nebraska is the stock headache of all members of Congress. While they are in Washington, some potent figure on the home grounds collects a posse and goes after the seat. Hard as he may try, no member can be two places at once; all of them would like to.

## Psychology in the GAO

A SPLENDID place to get slap happy in a hurry is the General Accounting Office in Washington. There, hundreds of people do the same dull, routine work day in and day out, at not too much pay either. Nerves get tied in knots now and then, because the most normal people in the world are likely to go slightly off the beam when they are forced to work like machines.

It used to be that way, anyway.

But for some years, the GAO has had on its staff a personnel officer who is a graduate psychologist, author of sundry treatises on the subject and a former professor of psychology. Besides that, he used to be with the Secret Service. His name is Dr. Eugene Latimer, an earthy, sensible man who wanders around the big GAO building looking for early evidence of squirreliness. When he finds it, he does something about it. He's saved many a home, many a healthy mind and, for that matter, many a life. Sometimes a simple shift in daily duties will do the trick. Sometimes a transfer to another office—some little thing to bring a "change" in habits, both physical and mental.



The good doctor who listens all day long to the woes of others, forgets them come evening at his piano where he composes gay, bubbly music and works on arrangements for the GAO orchestra which he organized and conducts.

The good doctor who listens all day long to the woes of others, forgets them come evening at his piano where he composes gay, bubbly music and works on arrangements for the GAO orchestra which he organized and conducts.

## A word for seniority

THE nub of the hoot and cry to "streamline" Congress is to do away with the seniority system in filling committee chairmanships.

Doubtless, there are some evil things about the seniority system, but monkeying with it is more dangerous than anything else, say old-time Senators, former Senators and Congressmen and a good share of the younger fry, too.

What even some of the astute column-



ists who chatter about this matter overlook is that, to change the seniority system, you'd have to change human nature. Legislation, so far, has been highly unsuccessful at that.

Behind the "streamlining" drive, in addition to many honest folk who have sensible ideas about making legislative procedure less cumbersome, is a group of left-wingers who are always hot to knock Congress down to a rubber stamp for the executive department. They say—some of them—that the committee chairmen should be chosen by a board of "experts." Who, one asks, will choose the experts? The executive department?

The other proposal, which carries a lot of weight with some people is that the committees should elect their chairman from the ranks, not automatically choosing the man at the head of the list in seniority on the majority party side.

"Let us take a typical example," said the old Senator. "Here is met, at the beginning of a session, the committee on Nuisance Values. So we have an election for chairman. It is hotly contested. At the end of it, the vote is 11 to 9 for Joe Blow. Thereafter, Senator Blow is not likely to feel so kindly to the nine who voted against him; the nine who voted against him still don't like him, and they are mad at the other 11, too. Senator Blow is likely to sit on bills brought up by any one of the nine, and other unpleasant things can happen too. No. No. No. Seniority is a way to eliminate hard feelings or keep them at the minimum, anyway.

"Besides that, every mother's child on a committee, if he lives and gets himself re-elected has a chance to be a chairman, and any one of them can look at the biggest chairmanship in the House or Senate with a logical ambition possible of fulfillment."

### Some questions on Russia

THE eighth report of the Special House Committee on Postwar Economic Policy and Planning, headed by Representative William M. Colmer, Mississippi Democrat, includes some highly informative reading about Russia and sounds a thought-provoking note of warning for us not to go hog-wild in cooperating with our Allies of the star and sickle until they do likewise.

To wit: Nobody knows the prevailing level of Russian production. In spite of her heavy war losses, Russia can rebuild

economically, quite rapidly if she cuts down on her standing army and if she can get hold of some foreign cash via loans. Capital goods which Russia badly needs can come only from the



United States at this point.

"To the committee," said the report, "it seems obvious that there is a relation between the degree to which Russia cuts back its own armament production and reconverts its plants to civilian needs and the magnitude of the need for loans from the United States. It seems to the committee doubtful policy for the United States to afford loans which will in effect

permit Russia to maintain a scale of armament production totally disproportionate to that of other major powers, particularly if the World Security Organization is regarded as a guarantee against future aggression. The bearing of the size and magnitude of Russian armaments on other armament, particularly of the countries surrounding Russia, is also something that can no more be overlooked than would be the case with any other great power. The committee was informed that Russia was demobilizing its manpower, but it could not get facts on the demobilization of war industries."

The committee points out that, not only during the war but right up to now, the whole American productive mechanism was thrown open to Russian observers, but American observers enjoyed no parallel freedom in Russia. The committee didn't like this.

Russia, by all accounts, has made no new friends on Capital Hill since the war, certainly has lost some.

A consensus on the subject boils down to this:

"If Russia would just quit acting mysterious we could do business with her."

### A bit of Britain

IF THIS well nigh forgotten tidbit of data had been dredged up during the lend-lease debates before the war, powerful leather lungs could have been heard all the way from here to there cussing out the English even more so than some did.

Comes now the word that the floors in the House and Senate wings of the United States Capitol building are made of tile manufactured in England by a firm known as Minton, Hollins & Co. at Stoke-upon-Trent, Staffordshire. Minton tiles, they call them, and they began making them and shipping them over here to us and having them planted in our Capitol in 1856.

Not content with having just that much of a "corner of some foreign soil that is forever England," the jolly House of Minton sold us enough tile to floor numerous other rooms in the Capitol, too. Nobody knows why we didn't use American tile.

The tiles were shipped from Liverpool in casks. And they've stood up marvelously well against the scuffing of countless distinguished soles—and heels.



### The cork and the bottle

SMALLER War Plants Corporation, which has had its life extended by Congress until December 31, 1946, is giving most of its energies to veterans these days, and up to the turn of the year, it had interviewed more than 500,000 veteran applicants for surplus property in its 114 offices scattered around the country. SWPC doesn't get the property for the veteran; it certifies his right to it, which is an essential step. It gets the cork out of the bottle but there is still the neck.



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